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Commercial Information Service, Inc.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, AND CERTAIN INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

H.R. 6956

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, AND FOR SUNDRY INDEPENDENT AGENCIES, BOARDS, COMMISSIONS, CORPORATIONS, AND OFFICES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1983, AND FOR OTHER PURPOSES

PART 1—(Pages 1-922)

AMERICAN BATTLE MONUMENTS COMMISSION
CONSUMER PRODUCT SAFETY COMMISSION
COUNCIL ON ENVIRONMENTAL QUALITY
ARMY CEMETERIAL EXPENSES
OFFICE OF CONSUMER AFFAIRS
DEPARTMENT OF THE TREASURY
OFFICE OF REVENUE SHARING
ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF SCIENCE TECHNOLOGY POLICY
FEDERAL EMERGENCY MANAGEMENT AGENCY
GENERAL ACCOUNTING OFFICE
CONSUMER INFORMATION CENTER
OFFICE OF TECHNOLOGY ASSESSMENT
SELECTIVE SERVICE SYSTEM
VETERANS ADMINISTRATION

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CONTENTS

THURSDAY, MARCH 4, 1982

Page

General Services Administration: Consumer Information Center 1
American Battle Monuments Commission 13
Department of Defense—Civil: Department of the Army:
Army Cemeterial Expenses 27
Department of Health and Human Services: Office of Consumer Affairs 39

TUESDAY, MARCH 16, 1982

Consumer Product Safety Commission 61
Department of the Treasury:
Office of Revenue Sharing 187
New York City Loan Guarantee Program 213

THURSDAY, APRIL 1, 1982

Federal Emergency Management Agency 355
Selective Service System 501

THURSDAY, APRIL 15, 1982

Executive Office of the President: Office of Science and Technology Policy 541
Council on Environmental Quality 559

TUESDAY, APRIL 20, 1982

General Accounting Office 571
Office of Technology Assessment 587
Environmental Protection Agency 609

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT–INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, MARCH 4, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn (chairman) presiding.

Present: Senator Garn.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

STATEMENT OF TERESA N. NASIF, DEPUTY DIRECTOR

ACCOMPANIED BY:
DAVID F. PETERSON, DIRECTOR
WILLIAM B. EARLY, JR., DIRECTOR, OFFICE OF BUDGET

Senator GARN. The subcommittee will come to order.

Our first witness is the Consumer Information Center.

Since we do have four agencies appearing before us this morning, I will ask each of the witnesses to limit their opening statements to 10 minutes. Of course, your full statements will be included in the record.

The Consumer Information Center was established within the General Services Administration by Executive order on October 26, 1970, with the mission of encouraging Federal departments and agencies to develop and publish practical, relevant consumer information and increasing public awareness of and access to this information.

The Center is designed to capitalize on the data generated by the Federal Government from the billions of dollars spent on research, evaluation, planning, regulations, and procurement. For a small fraction of these costs, this technical information can be translated into consumer publications and made available to the public. Since this information is gathered at taxpayers' expense, the Government has an obligation to make it available to the taxpayers in a form that they can use.

The quarterly Consumer Information Catalog is the Center's primary awareness tool. It is a 16-page descriptive listing of more than 200 selective Federal publications judged to be of consumer interest. Approxi-

mately 80 percent of the publications are free of cost, or cost less than $2.

This year the Center is requesting an increase of $9,000 in your budget for a total of $1,299,000.

Before you proceed with your opening statement, I would like to note at this point that Mr. Peterson, who has been the Executive Director of the Center since 1970, will be leaving the Center on March 8 to become Acting Associate Archivist at the National Archives and Records Service.

Mr. Peterson, I would like to compliment you on your work and leadership at the Center over the last 11 years and wish you well in your new position.

We are pleased to have you with us. I understand that Ms. Nasif, as Acting Director of the Consumer Information Center, will be representing the program today. If you would like to proceed with your testimony.

GENERAL STATEMENT

Ms. NASIF. Thank you.

I appreciate the opportunity to appear today to discuss the Consumer Information Center's fiscal year 1983 budget request.

Since its inception, the Center has carried out two major missions. Assisting Federal agencies develop and release practical, relevant consumer information and increasing public awareness of and access to this information. The written justification describes the program activities designed to accomplish these missions. I would like to mention briefly some important areas for consideration.

The requested amount of $1,299,000 for fiscal year 1983 includes no funds for new programs. It does include the increased cost of the October 1981 pay increase.

Since we anticipate receiving a supplemental to meet the pay increase in fiscal year 1982, the Center's request for fiscal year 1983 actually represents a decrease in actual spending levels.

Despite these reduced spending levels, the Center will continue its commitment to inform and educate the public. Publications from the Center will be available nationwide and will cover a variety of topics such as Federal programs and services and issues affecting the American consumer's budget, health, and safety.

We believe that an informed consumer benefits business as well as Government. When consumers participate knowledgeably in the marketplace, they create a partnership with industry that ultimately works in the best interest of all concerned. The Center provides a vital link in this process and contributes to the goal of fewer governmental regulations within a more competitive marketplace.

The Center is currently conducting a study to assess the feasibility of imposing a user fee on orders for free publications from the catalog.

This reflects the effort to require persons receiving direct benefits from the Government to pay at least part of the cost of those benefits.

Partial results of the user fee study are now starting to come in and it is still too early to assess the total program impact. But a full report on the study will be delivered to this committee on or before June 1, 1982.

Mr. Chairman, the Consumer Information Center provides an important service to the public and I hope you agree that this request for funding for fiscal year 1983 is worthy of favorable consideration.

I would be pleased to answer any questions you may have.

USER FEE STUDY

Senator GARN. Thank you very much.

The Center is currently conducting a study to assess the feasibility of imposing a user fee on orders of free publications. As you know, this subcommittee recommended additional funding for CIC last year to cover the cost of this study. While a full report on the study is not due until June 1, 1982, can you describe some of the preliminary findings?

Ms. NASIF. We have received about half of the orders that we expect to receive by the time the final study is completed. Based on the preliminary data, we have observed a definite dropoff in orders when we impose the user fee.

As I say, this observation is based on only half of the data being in, but the dropoff occurs at both the 50 cent and $1 level that we are testing. We suspect that there is going to be a significant impact on the program overall.

It's too soon to tell whether applying the user fee is going to generate more income because we have not received from the Government Printing Office a breakdown of the extra costs they have incurred as a result of handling the user fee.

INFORMATION FOR THE BLIND

Senator GARN. It is my understanding in fiscal year 1981, an organization, "Recording for the Blind, Inc.," undertook a project to produce cassettes of the publications listed in the Consumer Information Catalog.

On page 5 of your budget justification, you indicated that as soon as taping is completed, CIC, in conjunction with the Office of Consumer Affairs, will assist in the promotion of these cassettes.

How do you intend to promote the cassettes?

Ms. NASIF. We just received word yesterday that the taping of the cassettes is completed. What we intend to do is to prepare media releases, both for the print and broadcast media, informing them of the availability of this information from "Recording for the Blind, Inc." We have also acquired a mailing list of 88 closed-circuit radio stations that devote their program time to reading for the blind. We will be sending media releases to these stations also.

In addition, we presently distribute a publication from the Library of Congress, National Library Service for the Blind and Physically Handicapped, describing their services. We plan to print up a flyer promoting the availability of the cassettes and inserting it with orders for this particular publication.

We understand that the Office of Consumer Affairs is going to include mention of the consumer cassettes in their Consumer Resource Handbook that's currently under development, and we know the Li-

brary of Congress is planning to publicize the cassettes to libraries throughout the country participating in their program for the blind and physically handicapped.

Senator GARN. How much do you expect to spend on this activity in fiscal year 1982 and fiscal year 1983?

Ms. NASIF. The cost will be minimal. The printing of the flyer would cost several hundred dollars. The additional labor cost of inserting the flyer with the outgoing orders would be quite minimal. The only other expense is the special mailing to the 88 radio stations. Those costs will also be minimal.

Senator GARN. Do you have an idea of how large an audience you expect to reach?

Ms. NASIF. There are 3 million blind and physically handicapped persons in this country unable to use printed material. We hope to reach as many as possible.

SURVEYS

Senator GARN. In the past, the Center has conducted a twice-a-year population survey to measure the degree of consumer interest in proposed new consumer publications. However, due to the reductions in your budget, you will not conduct this survey in fiscal year 1982, nor have you requested funds for the survey in 1983. What do you feel will be the effect of not conducting the survey?

Ms. NASIF. Basically, it means that we will not be able to provide agencies with research based on a nationally representative sample of the population. In the past, agencies have found the results of that particular survey very useful in determining what publications to go ahead and develop and distribute. Right now, most agencies have in place control systems whereby rather rigorous evidence of the need for a publication is necessary before they decide to go ahead and develop any publications. It is unfortunate we are not going to be able to provide that type of research.

Senator GARN. Are you attempting to gather the information you obtained in this survey through other methods?

Ms. NASIF. We have reworked the audience survey which we do twice a year to gauge user satisfaction with our program and service. We have added a section to that survey to test topics of potential consumer interest, and we are sharing those results with the agencies.

Although the audience survey involves a much smaller sample that is not nationally representative, we believe the results will be useful to agencies in determining what publications are needed.

FISCAL YEAR 1982 BUDGET CUTS

Senator GARN. Last year, the administration's March budget reduced your original fiscal year 1982 budget request from $1,581,000 to $1,314,000. As a result of the administration's September budget revisions, title V of the 1982 HUD-Independent Agencies Appropriations Act further reduced your budget to $1,290,000. What activities were impacted as a result of those additional cuts?

Ms. NASIF. The first round of cuts meant elimination of the public service campaign and also reduced employment levels. The additional cuts meant we had to cut the number of catalogs we were going to print in 1982 and also some items in "Other services."

PAY SUPPLEMENTAL

Senator GARN. In your opening remarks you state that you anticipate receiving a supplemental to meet pay increases in fiscal year 1982. What will be the projected cost of the pay raise for the Center and how much will you absorb?

Ms. NASIF. The total cost is $29,000 and we have requested a supplemental of $29,000.

Senator GARN. What would be the impact on the Center if the supplemental was not approved?

Ms. NASIF. It probably means reducing the total number of catalogs that we will be able to print in fiscal year 1982 and possibly it would impact on our projected plans to reproduce some previously recorded public service announcements.

PUBLIC SERVICE CAMPAIGN

Senator GARN. It is my understanding that in order to decrease spending, you extended the 1980–81 public service campaign for several more months and that you will, in the future, re-release some of the Center's past campaigns instead of developing new ones. When you conclude the 1980–81 campaign, will you begin production of a new campaign or will you re-release one of your past campaigns?

Ms. NASIF. We have no funds available in fiscal year 1982 for the production of any new public service campaigns. So we are looking into the possibility of re-releasing previously recorded spots, possibly during the second half of fiscal year 1982. We have not yet determined the extent of our ability to do this. Whether or not we get the supplemental is going to have an impact on that decision.

Senator GARN. I suppose with re-release there will be some updating costs involved?

Ms. NASIF. If we decided to re-release some previously recorded spots, we would only choose those that we could duplicate as is. Because it is our desire to be as cost-effective as possible, we would not select ones that would need revision of any kind.

CONCLUSION

Senator GARN. I appreciate your attendance here today. I would like to submit the remainder of my questions, as well as questions from Senator Huddleston, for your response in the record.

Do any of you have any additional comments before we close this portion of the hearing?

Mr. PETERSON. Mr. Chairman, I just want to thank you for the kind words. I can just say personally I enjoyed very much working with your committee. You have been very fair, very kind. I know that will continue, at least from our side, with Ms. Nasif as Acting Director and I personally hope as the permanent Director.

Senator GARN. Thank you very much. We wish you well.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted to the agency for response subsequent to the hearing:]

Questions Submitted by Senator Garn

MEDIA HOTLINE

Question: The media hotline at the Center helps consumer reporters reach Federal officials who can provide information on specific Federal programs affecting consumers. How many times a day was the hotline used in FY 81?

Answer: In FY 81 the hotline was used approximately 10-12 times a day or about 60 calls a week.

Question: What were the costs of operating the hotline in FY 81?

Answer: Since the hotline is not toll-free, the caller pays the charge for the call. Therefore, the only cost is the staff time it takes to answer the call.

Question: What are your estimates for FY 82 and FY 83?

Answer: In FY 82 and 83, we expect the same level of usage and the same costs.

FEDERAL BUILDING FUND

Question: In FY 83, you are requesting $67,000 for payment to the Federal Building Fund. This is an increase of $35,000 over your current FY 82 estimate. What is the justification for this increase?

Answer: Public Law 92-313 states, "The Administrator is authorized and directed to charge anyone furnished services, space quarters, maintenance, repair, or other facilities (hereinafter referred to as space and services) at rates to be determined by the Administrator from time to time and provided for in regulations issued by him. Such rates and charges shall be appropriate commercial charges for comparable space and services..."

Current procedure calls for GSA to review and update rates charged for space every three years. The average cost per square foot being charged in FY 82 is approximately $8.70, and based on new rates being established, the FY 83 cost per square foot is estimated at $18.46 or an increase of 112 percent.

OTHER SERVICES

Question: On page 14 of your budget appendix, you show your current FY 82 estimate for other services is $86,000. In FY 83, you are proposing to decrease this account to $38,000. What activities funded under this account in FY 82 will not be funded in FY 83?

Answer: 1) The user fee test in FY 82 will not be repeated in FY 83. This accounts for $27,000.

2) Expenditures for duplication of previously released public service campaign materials will be reduced from the $30,000 level in FY 82 to $18,000 in FY 83.

3) The mailing list update will not be repeated in FY 83, accounting for $8,000.

4) Miscellaneous decreases total $1,000.

CATALOG DEMAND

Question: During Fiscal Year 1982, you estimate that approximately 20 million Catalogs will be distributed. What was your actual experience in Fiscal Year 1981 and what do you anticipate for Fiscal Year 1983?

Answer: We distributed 18 million Catalogs in FY 1981 and we anticipate distributing approximately 18 million in FY 1983.

Question: During Fiscal Year 1981, consumers requested over 21 million publications. What do you expect the requests for publications will be in Fiscal Year 1982 and Fiscal Year 1983?

Answer: We expect to receive requests for about 17 million publications in FY 1982. We are projecting the same level of about 17 million requests in FY 1983.

REIMBURSABLE PROGRAM

Question: Participating agencies pay for the cost of distributing free publications through the Center. For the record, please provide a table showing the distribution cost by agency for 1981, 1982 and 1983. Include in this table the initial charge to the agency and whether any money was refunded to the agency during these years.

Answer: A chart is provided as attachment I.

FY 82 EMPLOYMENT LEVELS

Question: Your January budget request for FY 82 would have provided funding for 22 full time employees. However, due to revisions in your budget, it was necessary for you to reduce the number of full time employees to 20. What has been the effect of this decrease in positions on the Center's activities?

Answer: There have been two primary effects:

1) We have not been able to hire a temporary employee to assist in our media activities, primarily to track usage and fill requests for public service materials by print and broadcast media. This work has been assumed by permanent employees in addition to their regularly assigned duties.

2) We have not been able to hire a second temporary employee to handle the approximately 16,000 consumer inquiries received each year. This workload has been assumed by permanent employees in addition to their regularly assigned duties.

Questions Submitted by Senator Huddleston

Question: What portion of your publications are distributed because of a specific request and what portion are distributed because of some action you initiate on your own?

Answer: All of the Federal consumer publications we distribute through Pueblo are sent out as the result of a specific request from the public.

Question: Of the 1,500 questionnaires used in your audience survey twice a year, how many are actually returned?

Answer: Nearly 500 questionnaires are returned, for a response rate of about 30%--unusually high for a survey of this type.

Question: Do you secure a reasonable sampling?

Answer: We periodically have our surveys reviewed by professional statisticians to assure their validity. After the most recent review, the consistency of our respondents' answers over time was termed "exceptionally good"--and a demonstration of the fact that our sample size and methodology are substantially more than adequate. In fact, the most recent judgment was that there was no way that either enlarging the sample size or changing the methodology could improve the survey.

Question: How many items or listings change in the Consumer Information Catalog from quarter to quarter?

Answer: In the past year, 12% of the listings in the Catalog or 25 booklets have changed with each edition.

Question: Would there be any savings from publishing only two or three times a year, rather than four?

Answer: By publishing the Catalog quarterly, we can include new and seasonal publications and drop out-of-stock and less popular publications. Reducing the number of editions of the Catalog would result in minimal cost savings. Since we print several million copies of each edition of the Catalog, discounts for large print runs are already applicable. Our current contract with the Government Printing Office (GPO) indicates the additional cost for each addition is around $3,000 for typesetting, press makeready, and a GPO surcharge. If we published only twice a year instead of quarterly, we would get only a 1.5% or $6,000 reduction in our annual printing costs. We do not believe that such a small saving in our printing costs is sufficient to sacrifice the advantages gained through the quarterly publication of the Catalog.

Question: Your justification indicates an eight percent (8%) reduction in the cost of distributing a free publication in 1981. How did you actually achieve such a reduction?

Answer: The cost of distributing a free publication in FY 1981 was 19.3¢. This represents an 8% reduction from the FY 1980 unit cost of 20.9¢. This reduction was the result of a 38% decrease in

our per unit postage costs, which we obtained by converting to a third class bulk postage rate. It was offset somewhat by higher unit costs for GPO overhead, labor and miscellaneous materials and services.

Question: Are there further reductions which can be achieved?

Answer: We are working with GPO to examine other ways to further reduce postage costs and streamline our order processing system. However, it is unlikely that reductions comparable to the 8% in FY 1981 can be achieved. We will continue our efforts to reduce costs or to keep any increases to a minimum.

Question: Are you conducting the user fee study in-house?

Answer: Yes. The Consumer Information Center is conducting the study with the assistance of statisticians and survey design experts from the Bureau of the Census. We are also receiving technical assistance from mail order specialists at GPO. We believed that conducting the study in-house was the most efficient and cost-effective method.

AGENCY DISTRIBUTION CHARGES
(IN DOLLARS)

ATTACHMENT I

Federal Agency	FY 1981 ORIGINAL	FY 1981 REVISED	FY 1982 ORIGINAL	FY 1982 REVISED	FY 1983
Dept. of Agriculture	1,493,000	946,100	2,202,000	1,043,571	851,100
Civil Aeronautics Board	31,000	31,000	58,000	58,000	72,600
Dept. of Commerce	198,000	27,000	72,000	29,792	26,400
Community Serv. Admin.	18,000	--	--	--	--
Consumer Prod. Safety Comm.	37,000	2,400	14,000	2,554	--
Dept. of Education	--	--	196,000	142,150	151,700
Dept. of Energy	420,000	277,700	297,000	297,000	263,900
Environmental Prot. Agency	12,000	12,000	--	--	33,000
Fed. Deposit Ins. Corp.	--	--	--	--	33,000
Fed. Reserve Board	6,000	6,000	72,000	72,000	85,800
Federal Trade Comm.	136,000	30,100	43,000	33,197	33,000
General Services Admin.	130,000	33,000	116,000	36,176	33,000
Dept. of Health and Human Svs.	2,536,000	2,536,000	2,695,000	2,676,598	3,035,100
Dept. of Housing and Urban Dev.	234,000	225,900	312,000	248,976	303,500
Dept. of Interior	130,000	130,000	225,000	225,000	250,700
Dept. of Justice	6,000	6,000	7,000	7,000	99,000
Dept. of Labor	167,000	167,000	261,000	261,000	343,100
Securities and Exchange Comm.	49,000	38,800	51,000	42,985	46,200
Small Business Admin.	37,000	1,100	--	--	6,600
Dept. of Transportation	493,000	493,000	587,000	587,000	870,900
Treasury Department	6,000	6,000	15,000	15,000	19,800
Veterans Administration	31,000	25,900	22,000	22,000	39,600
TOTALS	6,170,000	4,995,000	7,245,000	5,800,000	6,598,000

AMERICAN BATTLE MONUMENTS COMMISSION

STATEMENT OF GEN. A. J. ADAMS, SECRETARY

ACCOMPANIED BY:

COL. CLAYTON L. MORAN, DIRECTOR OF PERSONNEL AND ADMINISTRATION

COL. WILLIAM E. RYAN, DIRECTOR OF OPERATIONS AND FINANCE

COL. FREDERICK BADGER, DIRECTOR OF ENGINEERING AND MAINTENANCE

BUDGET REQUEST

Senator GARN. Next, if we could have the witnesses for the American Battle Monuments Commission.

General Adams, we are happy to welcome you here this morning.

The principal functions of the American Battle Monuments Commission are to commemorate the achievements and sacrifices of the U.S. armed forces through the erection and maintenance of suitable memorial shrines and to design, construct, administer, and maintain permanent American military burial grounds in foreign countries.

The Commission administers, operates, and maintains 24 permanent American military cemetery memorials and 12 separate monuments in 10 foreign countries and 4 memorials in the United States.

During fiscal year 1981, the cemeteries, monuments, and memorials were visited by over 8 million people. In addition to its other activities, the Commission provides information and assistance on request to relatives and friends of the war dead interred in or commemorated at its facilities.

In fiscal year 1983, the Commission is requesting $10,669,000 and 381 positions. This is an increase of $162,000 above fiscal year 1982.

PREPARED STATEMENT

If you would like to summarize your opening statement, we will be happy to place your entire statement in the record.

[The statement follows:]

14-067 O - 83 - 2

Statement of Maj. Gen. A. J. Adams

Mr. Chairman and Members of the Subcommittee:

We thank you for the opportunity to testify today in support of the American Battle Monuments Commission's fiscal 1983 appropriation request. Before discussing it, however, I would like to recognize the death of a distinguished former Commissioner and the appointment of ten new Commissioners to the Commission.

It was with great sadness that we learned of the sudden death on December 4, 1981 of the Honorable Gerhard David Bleicken, who served with distinction as a member of this Commission from 1969-1978. Despite the pressures of his duties and responsibilities as Chairman of the Board and Chief Executive Officer of John Hancock Mutual Life Insurance Company, Gerry Bleicken participated fully in the Commission's activities and continued to give the Commission his full support after he left it. He was genuinely admired, respected and liked by all who knew him and will be truly missed.

The President announced the appointment of ten new members to the Commission on December 29, 1981, under the continued chairmanship of General Mark W. Clark, USA (Ret). The new members are: the Honorable Francis J. Bagnell of Bala Cynwyd, Pennsylvania; the Honorable Esther Bradley of Los Angeles, California; the Honorable Aubrey O. Cookman of Albuquerque, New Mexico; the Honorable Rexford C. Early of Indianapolis, Indiana; the Honorable William E. Hickey of Quincy, Massachusetts; the Honorable Armistead Jones Maupin of Raleigh, North Carolina; the Honorable John C. McDonald of Dallas Center, Iowa; the Honorable Freda J. Poundstone of Englewood, Colorado; Major General Edwin Bliss Wheeler, USMC (Ret) of Hot Springs, Arkansas; and the Honorable Lawrence A. Wright of Burlington, Vermont.

Our warm thanks and appreciation go to the departing members, the Honorable Alfred P. Chamie of Pacific Palisades, California; Lieutenant General Benjamin O. Davis, Jr., USAF (Ret) of Arlington, Virginia; the Honorable T. Harry Gatton of Raleigh, North Carolina; Lieutenant General James M. Gavin of Chestnut Hill, Massachusetts; Brigadier General Anna Mae Hays, USA (Ret) of Arlington, Virginia; Admiral James L. Holloway, III, USN (Ret) of Annapolis, Maryland; the Honorable Oliver E. Meadows of Godley, Texas; the Honorable John M. Pope of Americus, Georgia; the Honorable J. Glennon Travis of St. Louis, Missouri and General Louis H. Wilson, USMC (Ret) of Jackson, Mississippi. Our best wishes go with them.

Next, I would like to give you a brief rundown on the Commission's current commemorative projects.

Last year we reported that the memorial to the American Expeditionary Forces of World War I and its Commander in Chief, General of the Armies John J. Pershing had been completed except for the installation of the statue of General Pershing. Since then, a one-third scale model of the statue has been approved by this Commission and the Commission of Fine Arts. Presently, the sculptor is working on a full-scale model. Once the full-scale model has been approved by this and the Commission of Fine Arts, it will be cast in bronze. The target date for the statue to be in place at the memorial is November 11, 1982.

The stone for the Saipan Monument has arrived on Saipan at the American Memorial Park overlooking Tanapag Bay. We have asked the Officer in Charge of Construction at the Naval Facilities Engineering

Command on Guam to let a contract for its erection and have provided the funds.

Regarding the Utah Beach Monument, its exact siting and height have been determined and the stone has been quarried, cut and polished and is awaiting engraving of the inscription. When this has been done, the stone will be shipped to the site.

The site has been selected for the memorial feature at the Corozal American Cemetery in Panama. Presently, the landscaping and other elements of the memorial feature are being incorporated into an overall design. After this has been done, the stone and flag poles will be ordered.

We had anticipated that last year would be a difficult one for the Commission as it was funded at the minimum level in fiscal year 1981. Nevertheless, fiscal 1981 proved to be a good year financially for the Commission because of the unusually high dollar exchange rates that were sustained during the year. The higher rates, with your permission, enabled the Commission to replenish its severely depleted stocks of supplies, materials and spare parts; revitalize its lagging equipment modernization and procurement programs, and reduce some of its backlog of maintenance projects. Exchange rates have continued to remain fairly stable during the first three months of the current fiscal year. Therefore, we are hopeful that they will continue to do so as it will enable us to absorb the $618,000 cost of scheduled and anticipated pay raises in fiscal 1982 and the additional full year costs of the 1981 pay raises, without detracting from our other programs.

The Commission's appropriation request for fiscal 1983 is $10,669,000, $162,000 more than fiscal 1982. This is an increase of about 1.5%. With inflation averaging about 13% in the countries where our installations are located, its adequacy to defray more than minimum requirements will depend upon a continuation of the fairly high dollar exchange rates that have been available in these countries. A break down of the increases are as follows: $317,000 for personnel compensation; $15,000 for home leave travel; $54,000 for rent, communications and utilities; $3,000 for replenishing our stocks of photographs, pamphlets, booklets and lithographs; $44,000 for supplies, materials and spare parts; and $66,000 for vehicles and equipment. Offsetting these increases in part are reductions of $253,000 for severance pay; $3,000 for the transportation of supplies, vehicles, equipment and household goods, and $81,000 for construction, and repair and maintenance projects.

Mr. Chairman, this concludes my prepared statement. We will be happy to respond to any questions that you may wish to ask. Thank you.

SUMMARY OF OPENING STATEMENT

General ADAMS. Mr. Chairman, we thank you for the opportunity to appear before you in support of our fiscal year 1983 budget and you have copies of our prepared statement and it will appear verbatim in the record.

I will summarize its contents.

It was with great sadness that we learned of the sudden death on December 4, 1981, of the honorable Gerhard David Bleicken, who served with distinction as a member of this Commission from 1969 to 1978. Despite the pressures of his duties and responsibilities as chairman of the board and chief executive officer of John Hancock Mutual Life Insurance Co., Gerry Bleicken participated fully in the Commission's activities and continued to give the Commission his full support after he left it. He was genuinely admired, respected, and liked by all who knew him and will be truly missed.

On December 29, 1981, the President announced the appointment of 10 new Commissioners. We welcome these new Commissioners and thank the retiring members for their fine interest and support.

The names of the new Commissioners are included in my prepared statement.

CURRENT COMMEMORATIVE PROJECTS

The status of our current commemorative projects is as follows: The erection of the memorial to the American Expeditionary Forces of World War I and its Commander in Chief, General of the Armies John J. Pershing, has been completed except for the installation of the statue of General Pershing. Presently, the sculptor is working on a full-scale model.

The stone of the Saipan Monument has arrived on site and a contract for its erection is in the process of being awarded by the Navy.

The site has been selected for the memorial feature at the Corozal American Cemetery; we are in the process of incorporating the landscaping and other elements in the overall design.

As you mention, the Commission's appropriation request for 1983 is $10,669,000—$162,000 more than fiscal year 1982. This is an increase of about 1.5 percent.

With inflation averaging about 13 percent in the countries where our installations are located, its adequacy to defray more than minimum requirements will depend on continued favorable exchange rates for the dollar.

Mr. Chairman, this concludes my summary; we will be glad to answer any questions.

INITIAL BUDGET REQUEST

Senator GARN. Thank you.

How does your fiscal 1983 budget request compare to your initial request of OMB?

General ADAMS. We initially asked OMB for $50,000 to construct the first half of a memorial on Guam and $11,246,000 to provide for the care and maintenance of existing facilities. To get down to the ceiling established by OMB, we deferred the Guam memorial and reduced funds for care and maintenance of facilities to $10,669,000.

PARIS OFFICE

Senator GARN. This year you are requesting $1,350,484, or $164,775 more than fiscal year 1982 for the Paris office. In fiscal year 1982, you estimate this office's budget will be $150,217 above its fiscal year 1981 operating level.

Of all your facilities, the Paris office is the only one which has had such a large budget increase. What is the justification for these increases in the Paris office?

General ADAMS. The Paris office is responsible for all ABMC operations in Northern Europe and in England. In both years, the increases were brought about by higher personnel costs due to mandated cost-of-living raises for local national employees and inflation on such things as utilities, communications, maintenance, and procurement. For both fiscal years 1982 and 1983, the increase is approximately 14 percent, or about the inflation rate.

Senator GARN. In addition, on page 12 of your budget justification, you list the number of employees in each of the Commission's installations. That table shows the Paris office will have 32 employees in fiscal year 1983. This is the largest number of employees in any installation. Why is it necessary to have such a large number of employees in this office?

General ADAMS. As previously stated, the Office administers all of the Commission's activities in northern Europe. It is responsible for the operation of 18 American military cemeteries and memorials and 11 separate monuments in France, England, Luxembourg, and the Netherlands, or about 75 percent of the Commission's activities overseas. The office is staffed at a minimum level and is organized functionally with an officer in charge of three subordinate elements: Engineering and maintenance, supply and transportation, and personnel and administration. The office researches, prepares and supervises all maintenance projects, negotiates all contracts, procures all supplies, equipment, and spare parts, and performs all administrative, personnel and financial functions in support of 33 U.S. employees and 238 foreign nationals.

It administers an annual operating budget of about $8 million, disbursing money in five different currencies. Over the years, the small staff of the Paris office has provided efficiently all of the support necessary to maintain our installations at the high standards for which they have become known throughout the world.

Senator GARN. How does the number of employees compare to fiscal years 1981 and 1982?

General ADAMS. About the same. In 1981 we had 6 U.S. employees, 26 local nationals, and 1 military. The same amount in 1982. In 1983, there will be only 5 U.S. employees, 26 local nationals, and 1 military.

HONOLULU MEMORIAL

Senator GARN. You are requesting $38,000 for the repair of the Honolulu memorial. What type of repairs need to be made?

General ADAMS. Because of a design error when the monument was constructed, water has been infiltrating behind the stone panels on

which the names of the missing are engraved. As this water passes through the panels, it leaves unsightly stains and makes some of the panels unreadable. We plan to remove the source of water by replacing the capstones which were ordered in fiscal year 1981. The $38,000 will be used to install these capstones. After installation, it will take about a year for the stones to dry out. When they do dry out, we will sand the face of the panels, clean, and refinish them.

EQUIPMENT REPLACEMENT

Senator GARN. This year you are requesting $296,000, or $66,000 more than fiscal 1982 for equipment. On page 9 of your justification, you indicate that these funds would be used to replace wornout vehicles and equipment and procure needed equipment not presently on hand. What type of equipment and how many vehicles do you intend to replace in fiscal year 1983?

General ADAMS. In fiscal 1983, we plan to replace one sedan and five trucks and some wornout, uneconomically repairable horticultural maintenance and office equipment. A complete listing with the associated costs can be provided for the record. I can read them off for you if you wish.

Senator GARN. I would prefer you provide those individual cost estimates for the record. Could you also provide for the record the estimated costs associated with the purchase of each new piece of equipment.

[The information follows:]

VEHICLES AND EQUIPMENT SCHEDULED FOR PROCUREMENT IN FISCAL YEAR 1983

	Quantity	Cost
Vehicles:		
Sedan or station wagon	1	$7,890
Truck, ½-ton pickup	4	24,900
Truck, 1½-ton dump	1	13,947
Subtotal		46,737
Office equipment:		
Calculator, printing electric	3	1,808
Camera, polaroid	1	110
Typewriter, electric	2	1,440
Typewriter, manual	6	2,700
Subtotal		6,058
Horticultural equipment:		
Aerifier, lawn, power	4	4,084
Blower, leaf	5	7,035
Edger, lawn, power	7	3,039
Grinder, compost	6	22,725
Mower, rotary, tractor mounted	1	1,560
Mower, power, reel, trim	5	2,600
Mower, power, reel, 30 inch	20	36,980
Mower, power, wide cut, reel	2	10,284
Mower, rotary, heavy-duty, sp	3	5,475
Mower, rotary, air cushion	2	1,000

VEHICLES AND EQUIPMENT SCHEDULED FOR PROCUREMENT IN FISCAL YEAR 1983—Con.

	Quantity	Cost
Horticultural equipment—Continued		
Mower, rotary, trim, hand	1	350
Mower, rotary, trim, sp	13	11,027
Saw, power, portable, chain	6	2,046
Scarifier, power, lawn	5	2,980
Sod cutter, power	2	2,558
Sprayer, insecticide, power	5	7,318
Sprayer, power, select weed	5	7,120
Spreader, fertilizer centrifugal	4	985
Spreader, selective weed	5	1,406
Sweeper, power, vacuum type	4	4,240
Sweeper, power, vacuum, trl	5	5,965
Tiller, power	2	2,031
Tractor, agriculture	1	9,600
Tractor, compact	2	6,524
Trimmer, hedge, electric	10	2,390
Trimmer, lawn, electric	15	3,525
Trimer, lawn, power	4	940
Scythe, power	1	420
Subtotal		166,207
Maintenance equipment:		
Cart, utility, power	1	4,075
Charger, battery	1	70
Cleaner, vacuum, electric	5	590
Compressor, air, shop type	4	3,340
Drill, portable, electric	3	336
Drill, press	2	755
Dumper, power, turf truck	7	32,380
Generator, portable	3	2,856
Grinder, bench	2	500
Mixer, concrete	1	514
Polisher, floor, electric	3	594
Pump, water, portable	1	615
Sander-polisher, disc, electric	1	100
Saw, circular, portable, electric	3	795
Scaffolding, steel, sectional	5	872
Sprayer, high pressure, power	4	12,680
Welder, electric arc	2	1,218
Steam cleaner	1	1,400
Subtotal		63,690
Furniture and appliances: Air conditioner	3	1,500
Miscellaneous and hand tools	22	12,307
Total for all offices		296,499

COROZAL AMERICAN CEMETERY

Work is now underway to upgrade the care and maintenance of the Corozal American Cemetery in Panama. How much do you estimate will be spent in fiscal year 1982 to upgrade the cemetery and what are your projections for 1983?

General ADAMS. In 1982—I think the figure is correct—$114,000. This will include $82,000 for construction of superintendent's quarters, $30,000 for a modest memorial feature, and $2,000 for equipment. In 1983, we plan to expend $45,000, $35,000 of which will be used to erect a section of wall separating the American cemetery from the Panamanian cemetery, and $10,000 will be used to procure new equipment.

OPERATIONAL TRAVEL OF FIELD PERSONNEL

Senator GARN. This year you are requesting $105,000 for travel and transportation of Commission personnel and dependents. This is $15,000 more than the fiscal year 1982 level. Of this amount, $42,000 is intended to be used for operational travel of field personnel. Can you explain in more detail the purpose of this field travel?

General ADAMS. Operational travel of field personnel is travel performed by cemetery and field office employees to inspect the operation and maintenance of facilities to include inspection of maintenance and repairs being performed by contract, to provide maintenance and repairs by mobile teams of ABMC personnel qualified in construction, carpentry and masonry, and to secure and deliver supplies and equipment, to provide horticultural inspection and support, and to participate in Memorial Day, Armed Forces Day, Veterans Day, and other ceremonies conducted by the cemeteries and at the cemeteries.

Senator GARN. How does this request compare to your estimate for travel of field personnel in 1982?

General ADAMS. It contains $9,000 more for operational travel than in 1982. During the past several years, the Office of Management and Budget has imposed a 10-percent reduction on travel annually. Through necessity, these reductions have been at the expense of operational travel and Commissioner travel.

Senator GARN. How many trips were made by field personnel in fiscal year 1981?

General ADAMS. In fiscal year 1981, 225 man-trips were made by field personnel at a cost of $36,000. Being responsible for 18 cemeteries and 11 separate monuments in 5 different countries, the Europe office makes the most trips.

Senator GARN. Which office has the largest number of trips?

General ADAMS. The Paris office.

SUBMITTED QUESTIONS

Senator GARN. General, the remainder of my questions, as well as questions from Senator Huddleston, I would like to submit to you for your response in the record. I would like to conclude this portion of the hearing unless you have any additional comments.

General ADAMS. We again thank you for the opportunity of appearing before you.

Senator GARN. Thank you.

[The following questions were not asked at the hearing but were submitted to the Commission for response subsequent to the hearing:]

Questions Submitted by Senator Garn

RENT, COMMUNICATIONS AND UTILITIES

Question: For FY 83, you are requesting $410,000 or $54,000 more than FY 82 for rent, communications and utilities. You indicate that this increase is necessary to help pay for use of the Army Postal Service. When did the Commission begin paying for this service?

Answer: It began paying for it this fiscal year.

Question: How much do you expect to pay in FY 82 and FY 83?

Answer: The increase in our budgeted cost of rent, communications and utilities is not due solely to the Commission being charged for Army Postal Service this year for the first time, but also to the continually rising costs of energy and services. For example, our State Department administrative support charges increase with every pay raise and cost of living increase granted to the foreign nationals and Americans working for the Department of State who provide this support. And, despite austere usage, charges for electricity, water, telephone and postal service rise annually. Our cost for Army Postal Service overseas this year or in FY 82 was $7,293; a payment of $7,800 is anticipated in FY 83.

SAIPAN MONUMENT

Question: In your opening statement, you indicate that a contract has been awarded for the erection of the stone for the Saipan Monument. Who was awarded the contract?

Answer: We do not know yet who will be awarded the contract as it is still in the process of being awarded.

Question: What was the amount of the contract?

Answer: The bids are scheduled to be opened on 15 March 1982. At that time, we will know the amount of the contract. We anticipate that the total cost to include landscaping will be within the $40,000 budgeted.

Question: When do you estimate work will be completed on the monument?

Answer: If all things go well, work should be completed by 1 June of this year.

ANNUAL BUDGETS

Question: On page 10 of your budget justification, you list the annual budgets for each of the cemeteries and offices of the Commission. In eight of the facilities, there is a proposed decrease in the budgets for FY 82 to FY 83. Please explain the proposed decreases for each of these facilities.

Answer: At the Ardennes and Corozal Cemeteries, major projects are scheduled in FY 82 that have no counterpart in FY 83. We refer to the rehabilitation of the Ardennes memorial structure at a

cost of $80,000 and the construction of quarters and a small memorial feature at Corozal for $112,000. Reductions at the Rome Office and the Florence and Sicily-Rome Cemeteries are because of a sharply reduced number of foreign national employees retiring in FY 83 which brings about a reduction in severance pay. The relatively small reductions at the Normandy, Lorraine and Meuse-Argonne Cemeteries were caused by diversion of some casual labor planned for these cemeteries to generate more funds for needed maintenance projects at other cemeteries.

UTAH BEACH MONUMENT

Question: You indicate in your opening statement that as soon as the stone for the Utah Beach Monument is engraved, it will be transported to the monument site. When is the engraving work scheduled to begin on the stone?

Answer: After the opening statement was prepared, a decision was made to use the 12 foot monument originally ordered for Utah Beach in the memorial feature at the Corozal American Cemetery and to order a 24 foot monument for Utah Beach. The reason for the change is that the site originally planned for the Utah Beach Monument now cannot be made available to us. The new site will require a taller monument.

Question: Is this the only work that needs to be completed on the monument?

Answer: No it is not, the monument will require a hardstand on which to rest and possibly some landscaping.

Question: What do you estimate will be the total construction costs?

Answer: The total cost of the Utah Beach Monument should be within the $40,000 budgeted.

MEDITERRANEAN CEMETERIES

Question: You are proposing a $200,000 decrease in FY 83 for the salaries, personnel benefits and severance pay of employees working at Mediterranean Cemeteries and Memorials. What is the justification for this decrease?

Answer: During FY 28, a total of 6 Italian employees are expected to retire, 4 mandatorily and 2 voluntarily, at an estimated severance cost of $280,000. During FY 83, we anticipate that there only will be 2 voluntary retirements at an estimated severance cost of $50,000. Although there are some offsetting pay increases, the reduction in scheduled retirements with the resultant reduction in severance pay costs accounts for most of the decrease.

EXCHANGE RATES

Question: The Commission in FY 81 used the unusually high exchange rates to replenish depleted stocks and supplies, modernize equipment and reduce the backlog in maintenance projects. If these high exchange rates continue, it is my understanding that you will plan to use these funds in FY 82 for anticipated pay raises. What would be the impact on the Commission if there is a decrease in the

exchange rates during FY 82?

Answer: Depending upon the size of the decrease in exchange rates, we would take the following action in this order: curtail purchase of any equipment for modernization; defer all maintenance projects not of an emergency nature; defer replacement of wornout and uneconomically repairable equipment; and purchase only needed supplies that have a short shelf life, living off other supplies on the shelf as much as possible. If these very stringent measures did not suffice, we would request a supplemental appropriation.

Questions Submitted for the Record by Senator Walter D. Huddleston

COROZAL AMERICAN CEMETERY

Question: Please explain what is necessary to bring the Corozal American Cemetery to ABMC standards. How much of this has been already accomplished?

Answer: The following projects are necessary to bring the Corozal American Cemetery to ABMC standards; their status of completion is as indicated:

Project	Status
Clean 2,500 headstones	completed
Rebuild workers' shower and locker room	completed
Construct office and reception area	completed
Construct maintenance and storage facility	completed
Construct workers' lunch room	completed
Construct boundary wall	20% complete
Install 2,000 missing or replacement headstones	10% complete
Align 1,500 existing headstones	10% complete
Construct superintendent's quarters	design completed
Construct memorial	40% complete
Renovate sprinkler system	design completed
Prepare and implement a horticulture plan to include grading, fertilizing and reseeding of fine lawns	future project
Rebuild visitors' toilet	future project
Repair roads	future project

Question: What precisely do you expect to do in fiscal 1983?

Answer: In addition to regular maintenance in fiscal 1983, we plan to construct an additional 30% of boundary wall, to install 200 new headstones, to align 150 existing headstones, to install the memorial pylon and flag poles, and to complete construction of the superintendent's quarters.

AEF MEMORIAL

Question: Once completion of Pershing Park and the installation of the statue is complete, will ABMC have any responsibilities for that area?

Answer: The Department of the Interior will perform the day-to-day maintenance of the memorial as it does for the other facilities in the park. Should the memorial require major repairs,

however, this Commission would expect to fund them and supervise their performance as it would for the East Coast and Honolulu Memorials, the day-to-day maintenance of which is performed by the City of New York and the Veterans' Administration, respectively.

DOLLAR EXCHANGE RATES

Question: You refer to the "unusually high dollar exchange" rate. What accounted for these very favorable exchange rates?

Answer: Dollar exchange rates depend upon many factors. Among those having the greatest impact are: The intangible confidence in the country's economy, the sophistication and efficiency of its manufacturing capability, the government's "tight money" policy, the rates of interest being paid on the country's loans and investments, and the rate of inflation in the country. As interest rates presently being paid here on loans and investments exceed significantly this country's inflation rate and all the other factors mentioned are favorable, a good climate exists for investments by foreigners. This creates a demand for the dollars that are available which is reflected in higher exchange rates. Early last year, we received an average of 4.55 French francs for the dollar; now we are averaging 6.00 French francs for the dollar. A change in any one or more of the factors mentioned could cause the rates to tumble. We are unable to predict the rates with accuracy and do not know of anyone who can.

HONOLULU MEMORIAL

Question: You have requested $38,000 for repair of the Honolulu Memorial. What precisely do you intend to do?

Answer: Because of a design error in the construction of the Courts of the Missing, water has been infiltrating behind the stone panels of the Courts on which appear the names of the Missing in Action. As this trapped water passes through the stone panels, it leaves unsightly stains making some of them unreadable and causes spalling. We plan to remove the source of entry of the water by installing water barriers and replacing the capstones. Last year, with some of the funds that became available through appreciation of the dollar, new capstones and metal water barriers were ordered for all of the Courts. When they have been installed and the panels have dried out, the ugly stains will be removed chemically, the stone polished, and water repellent applied. The $38,000 about which you have inquired will be used to install the initial increment of capstones and water barriers.

Question: What is the level of activity at the Honolulu Office?

Answer: The Commission does not have an office in Hawaii. The day-to-day care of the Honolulu Memorial is provided by the National Memorial Cemetery of the Pacific in Honolulu. All repairs required are funded by our Washington Office. About 2,000,000 people visit the Memorial each year.

EUROPEAN OFFICE

Question: The cost of your Paris office continues to

increase. Is there any way the cost of this office could be stemmed or reduced?

Answer: The Paris office is the principle regional office of the American Battle Monuments Commission; it is responsible for all agency operations and installations in Northern Europe. In doing so, it supervises the operation, maintenance and repair of 18 American military cemetery memorials and 11 separate monuments in France, England, Belgium, Luxembourg and the Netherlands, or about 75% of the Commission's activities overseas. The office is staffed at minimum level and is organized functionally with an officer in charge controlling three subordinate elements: engineering and maintenance, supply and transportation, and personnel and administration. Its small staff researches, prepares and supervises all maintenance and repair projects; negotiates all contracts; procures and delivers almost all supplies, equipment and spare parts; and performs all administrative, personnel and financial functions in support of 33 U.S. employees and 238 foreign nationals. The office's annual operating budget is almost $8,000,000 with disbursements in five different currencies. Its staff is the minimum essential to provide the centralized control and support necessary to maintain these shrines at the high standards required. The continuing cost increases are attributed to mandated cost of living raises for local national employees and inflation of such things as utilities, communications, maintenance and procurement, matters over which this agency has little or no control.

Question: Must the office be located in Paris, rather than, for example, at one of the cemeteries, perhaps Normandy?

Answer: A centralized location is necessary for the office because of the wide geographical dispersion throughout five countries of the installations that it must service; and the need to be reasonably close to a metropolitan area that can provide requisite access to vendors for the procurement of supplies, equipment and spare parts; contractors and technicians for maintenance and repair of facilities and equipment; and access to the key support elements of the U.S. Embassy and the Regional Finance Center in Paris. The office is physically located outside of Paris, but within the commuting distance. Its facilities are austere. None of the Commission's cemeteries, most of which are located in the country, can provide the logistical, communications, housing and labor support needed for a regional headquarters.

HOME LEAVE

Question: What is your home leave policy for U.S. civilian personnel?

Answer: Title 5 of the United States Code (5 USC 5728) authorizes home leave to U.S. government civilians and their dependents serving outside the Continental United States after satisfactorily completing each two years of service, provided the employee agrees to serve at least two more years outside the Continental United States. This Commission authorizes home leave at three year intervals.

Question: How are the costs associated with this calculated?

Answer: The following factors are used to calculate the annual cost of home leave: the number of eligible employees who have expressed a desire for it; the number and age of dependents who will accompany them; their destination in the United States to include the cost of economy transportation; and the amount of travel per diem authorized the sponsor.

FOREIGN NATIONAL SALARIES AND BENEFITS

Question: Are pay and benefits for foreign nationals comparable from country-to-country or are there large variations according to the country-to-country agreements?

Answer: The country-to-country agreements concerning American cemeteries and memorials require that the Commission comply with host country social and labor laws with respect to local national employees. Wages and benefits are comparable regionally within countries but vary considerably among countries. Within each country, the State Department is responsible for a uniform local national personnel policy for each job classification in each country, thus providing a single U.S. government image in its personnel management of foreign national employees.

EDUCATIONAL TRAVEL

Question: What is the policy governing educational travel of dependents?

Answer: The educational travel of dependents of the Commission's employees is provided for in U.S. State Department Standardized Regulations. The regulations permit, in general, payment of travel expenses for a dependent to a secondary school or college in the U.S. and return, once each year.

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

ARMY CEMETERIAL EXPENSES

STATEMENT OF COL. JOSEPH E. GLEASON, DIRECTOR, CASUALTY AND MEMORIAL AFFAIRS, OFFICE OF THE ADJUTANT GENERAL, DEPARTMENT OF THE ARMY

ACCOMPANIED BY:

MAJ. DAVID PEIXOTTO, MILITARY ASSISTANT, ASSISTANT SECRETARY ARMY (CIVIL WORKS)

RAYMOND J. PETTIS, CHIEF, BUDGET AND ACCOUNTING DIVISION, OFFICE OF THE ADJUTANT GENERAL

RAYMOND J. COSTANZO, SUPERINTENDENT, ARLINGTON NATIONAL CEMETERY

PAUL TOWELL, BUDGET ANALYST, CASUALTY AND MEMORIAL AFFAIRS DIRECTORATE

JULIUS L. SMITH, ENGINEER TECHNICIAN, CASUALTY AND MEMORIAL AFFAIRS DIRECTORATE

Senator GARN. If we could have the witnesses for the Army cemeterial expenses up next, please.

Colonel Gleason, it is a pleasure to have you here today in your first appearance before the subcommittee. You have the responsibility for the operation of the Arlington and Soldiers Home National Cemeteries. These facilities contain the remains of over 197,233 persons and comprise approximately 628 acres.

During fiscal year 1983, your budget assumes 3,840 burials and inurnments. Cemeterial personnel care for the maintenance of the shrubs, roads, the Memorial Amphitheater, the Tomb of the Unknown Soldier, and various buildings and vehicles.

Your budget request for fiscal year 1983 is $6,689,000 which is an increase of $1,506,000 over your estimated fiscal year 1982 level.

If you would summarize your statement, we will be happy to place your entire statement in the record.

[The statement and biographical sketch follows:]

STATEMENT OF COL. JOSEPH E. GLEASON

Mr. Chairman, Members of the Committee

We appreciate the opportunity to testify before you today in support of the FY 1983 appropriation request for Cemeterial Expenses, Department of the Army. This appropriation funds the salaries and expenses necessary for day-to-day operation of Arlington and Soldiers' and Airmen's Home National Cemeteries.

As you know, Arlington is the best known and most revered of all national cemeteries. It is a national shrine where more than 800 non-funeral events occur annually to honor those who have made a significant contribution to sustain our way of life. Public figures from throughout the United States and from many foreign countries participate in these solemn ceremonies. People from all walks of life visit Arlington. It is the second most visited public facility in the Washington area, only surpassed by the Smithsonian. The uniqueness of this memorial to our Honored Dead gives us a responsibility to establish and maintain standards of care that are the highest. It is a visible reflection of America's appreciation for those who have made the ultimate sacrifice to sustain our freedom.

During FY 1981, there were 3,700 interments/inurnments and 800 non-funeral ceremonies at Arlington National Cemetery. We had 3,500,000 visitors; 4 state governors visited for special ceremonies; 15,000 headstones were set, reset or realigned; 180 trees were purchased and planted; 12,500 headstones were cleaned; 10,000 graves were refilled or renovated and 240 pieces of equipment were serviced or repaired. These statistics partially reflect the magnitude of our annual workload. In FY 1983 we anticipate an increase in this level of activity.

Despite our efforts to increase productivity and achieve economies, there has been degradation of the quality of maintenance at Arlington National Cemetery. However, if you approve our FY 1983 request, we will be able to stop the slippage of standards and begin to move toward the high standards which this nation expects at its premier national cemetery.

The Cemeterial Expenses appropriation is divided into three major categories: Operation and Maintenance, Administration, and Construction.

The Total Obligation Authority requested for FY 1983 is $6,689,000 and reflects an increase of $1,506,000 above the amount approved for FY 1982. Of this increase, $1,157,000 is for operation and maintenance; $340,000 for construction; and $9,000 for administration. The major portion of the increase is programmed for road reconstruction, renovation of the deteriorating boundary wall, price increases in commercial contractual services for ground maintenance and security services, reduction of the maintenance backlog of buildings and grounds, and headstone realignment and weed control.

In April 1980, the newly completed Columbarium at Arlington National Cemetery was opened. The existing facility contains 5,000 niches and can be expanded in 5,000 niche increments to a total of

50,000 niches. Of particular concern in the construction request are the funds needed to complete the design of the next section of the Columbarium. These funds are essential to the continued operation of the Columbarium. Current projections forecast the filling of the original 5,000 niches by late 1985. Therefore, design must be completed in FY 1983 with construction funded and accomplished during FY 1984. Inurnment is the only means by which most veterans are eligible for burial in Arlington. It is important that this much desired and deserved benefit not be denied them.

Mr. Chairman, this concludes my opening remarks. We will be pleased to respond to questions from the committee.

BIOGRAPHICAL SKETCH

Colonel Joseph E. Gleason is a native of Iowa, was raised in Ohio and commissioned as a Second Lieutenant in 1956 upon graduation from United States Military Academy. Within the military he has graduated from various professional development course to include Command and General Staff College.

Colonel Gleason has served at Army installations in the United States, Germany, and Vietnam. He is an Adjutant General Corps Officer possessing a Personnel Management specialty. Among his awards are the Legion of Merit, Bronze Star and the Meritorious Service Medals. His most recent assignment has been as Chief, Officer Personnel Records Division, US Army Military Personnel Center.

SUMMARY OF STATEMENT

Colonel GLEASON, Mr. Chairman, good morning. We appreciate the opportunity to testify before you today in support of the fiscal year 1983 appropriation request for cemeterial expenses, Department of the Army.

This appropriation provides funds necessary for day-to-day operation of Arlington and Soldiers and Airmens Home National Cemeteries.

Arlington is a national shrine to honor those who have made a significant contribution, a contribution to sustain our way of life. There were 3,700 interments and inurnments during fiscal year 1981. In fiscal year 1983, we anticipate an increase in this level of activity. The total obligation authority requested for fiscal year 1983 is $6,689,000 and reflects an increase of $1,506,000 above the amount approved for fiscal year 1982.

In this increase, $1,157,000 is for operation and maintenance, $340,000 for construction, and $9,000 for administration.

In April 1980, the newly completed columbarium at Arlington National Cemetery was opened. The existing facility contains 5,000 niches and can be expanded in 5,000-niche increments to a total of 50,000 niches. Of particular concern in the construction request are the funds needed to complete the redesign of the niche covers for the next section of the columbarium. Current projections forecast the filling of the

original 5,000 niches by late 1985. Therefore, redesign must be completed in fiscal year 1983 with construction funded and accomplished during fiscal year 1984 if we are to continue to provide adequate space for veterans not eligible for ground burial.

Mr. Chairman, this concludes my summary. We will be pleased to respond to questions from you at this time.

FISCAL YEAR 1982 BUDGET REDUCTIONS

Senator GARN. Last year the administration's March budget reduced your original fiscal year 1982 request from $7,386,000 to $5,086,000. As a result of the administration's September budget revisions, title V of the 1982 HUD-Independent Agencies Appropriation Act further reduced your budget to $4,476,000. What activities were impacted as a result of the additional reduction in your fiscal year 1982 budget?

Mr. PETTIS. Sir, it primarily impacts upon personnel costs, contractual services, operating supplies, equipment, and particularly landscaping of the columbarium.

TOMB OF THE UNKNOWN

Senator GARN. The Tomb of the Unknown Soldier contains the remains of soldiers killed in World War I, World War II, and the Korean conflict. I understand efforts are now underway to have a soldier killed in the Vietnam conflict interned in the Tomb. Can you bring the committee up to date on these efforts and when do you estimate the remains might be interned in the Tomb?

Major PEIXOTTO. In May 1981, Secretary of the Army Marsh asked for a review of the situation regarding the possible selection of a Vietnam unknown. He was subsequently briefed on the selection process and the status of the unidentified remains from the Vietnam era. There are currently several unidentified remains that are still undergoing the identification process. The Secretary of the Army is reviewing this matter and has recently visited the Central Identification Laboratory in Hawaii where the unidentified remains are being processed. A decision on how best to proceed is expected in the next several months.

We are not able to set an interment date until the identification process is complete and we are satisfied that we have eligible candidates from which to make a selection.

WAREHOUSE

Senator GARN. During last year's hearings, you indicated that construction of the new warehouse facility would begin in December 1982. Is this timetable still accurate? If not, when do you estimate construction may begin on the warehouse? What do you estimate will be the total construction costs of the warehouse?

Mr. SMITH. This was one of the projects deferred by OMB in fiscal year 1982 and again in fiscal year 1983. The current timetable has been rescheduled for design in fiscal year 1984 followed by construction in fiscal year 1985. Total construction cost will be $5,847,000.

PERSONNEL

Senator GARN. In your March fiscal year 1982 budget, you requested 152 permanent positions. However, your current fiscal year 1982 estimates show you have only 140 permanent positions. Have these decreases affected the ability of cemetery personnel to perform their day-to-day responsibilities and have any projects which you planned to undertake in fiscal year 1982 been delayed as a result of these decreases?

Mr. COSTANZO. Yes, sir; the reduction of 12 full-time positions resulted in a total reduction of actually 10 work-years because the temporary work years are increased from 12 to 14. This resulted in the following reductions: Under care and maintenance of trees and shrubs and lawns, 3 man-years; custodial functions, 4 man-years; facility maintenance, 2 work-years; and setting of initial headstones after interment, 1 work-year.

PASSENGER VEHICLES

Senator GARN. You indicate on page 7 of your budget justification that you intend to replace three passenger vehicles in fiscal year 1983. Why is it necessary to replace the vehicles at this time?

Mr. COSTANZO. These are replacement of existing vehicles. These vehicles are used daily in our interment operations, escorting families and other mourners to each burial service. They are normally driven a very short distance and at very low speeds with numerous starts and stops. This type of vehicle operation results in a more rapid deterioration of the engine, transmission, tires, and brakes. The cost of maintenance of these vehicles now exceeds the criteria for retention and under GSA standards, passenger vehicles should be replaced every 6 years, or 72,000 miles, whichever comes first. These vehicles now meet that age criteria. They were purchased in fiscal year 1976. The estimated cost for replacment is $7,000 per vehicle or a total cost of $21,000.

OTHER SERVICES

Senator GARN. In fiscal year 1983, you are requesting $2,208,000 for other services. This is an increase of $767,000 over your current fiscal year 1982 level. On page 10 of your justification, you indicate that the most significant increases in this account would be in the maintenance of buildings and grounds, headstone setting and realinement, tree and shrub maintenance, and office equipment.

What is the justification for the increases in these activities in fiscal year 1983?

Mr. COSTANZO. Of the $2,208,000 being requested for other services, $150,000 is to cover those items that were deferred from fiscal year 1982, $40,000 is for the design of the columbarium covers, and the $2,018,000 is required for new and/or recurring projects. There are actually 13 items. I can either furnish them for the record or summarize them now, sir.

Senator GARN. I would appreciate your supplying this information for the record.

Mr. COSTANZO. Very well.

[The information follows:]

OTHER SERVICES

1. Cost of the design contract for the columbarium niche covers, $40,000.
2. Contract maintenance of equipment increased $11,000 to cover body work and paint for four each one-half-ton pickup trucks, repair transmission on one 40-passenger bus, and repair transmission on one Ford station wagon. These items were deferred from fiscal year 1982.
3. Contract maintenance of buildings increased $25,000 to cover the installation of siding and insulation of the Deputy Superintendent's quarters and for lowering the ceiling insulation and installing light fixtures in service buildings. These items were deferred from fiscal year 1982.
4. Contract maintenance of walks. Replace three-quarter mile of the Custis Lee walk, including the installation of hand railing. Estimated cost is $48,000. This item was deferred from fiscal year 1982.
5. Security contract is increased $82,000 to cover the second year cost of the current 3-year contract.
6. Ground maintenance contract is increased $122,000 to cover the third-year cost of the current 3-year contract.
7. Headstone contract increased $168,000 to cover the 10,000 headstones deferred from fiscal year 1982 and to realine an additional 17,000 headstones in fiscal year 1983.
8. Contract tree maintenance increased $69,000 to cover the pruning of 50 trees deferred from fiscal year 1982 ($5,000). and to prune an additional 120 trees ($12,000). Spraying 8,000 trees ($45,750) and to remove 25 dead trees ($6,250).
9. Contract weed eradication covering complete weed control in 575 acres, $50,000. No weed eradication work accomplished in fiscal year 1982 due to lack of funds.
10. Contract repairs to stone boundary wall. This will include removal and replacement of all loose mortar. Cost is $50,000. This project has been repeatedly deferred over the past several years due to lack of funds. The boundary wall is rapidly approaching the point of complete collapse.
11. Contract repairs to the water circulation system and pumps at the Senator Robert F. Kennedy gravesite. Estimated cost, $15,000. Replacement of 25 public drinking fountains; estimated cost, $6,000.
12. Contract repair of flagstone walk, sprinkler system, and fountain at the Mall area adjacent to the Tomb of the Unknown Soldier. Estimated cost is $45,000. This is a highly visible area of the Cemetery and is the receiving point for all visiting foreign heads of state.
13. Contract repairs to the old administration building to include the replacement of foundation support beams, new floors, and repair cracks in masonry walls. Estimated cost is $36,000.

OPERATION AND MAINTENANCE

Senator GARN. On page 4 of your budget justification, you indicate that ground maintenance, security, and headstone realinement are performed by commercial contractual services. Why is it necessary to hire private firms to perform these services and, if you could, provide a list of the private firms which perform these services.

Mr. COSTANZO. During fiscal year 1977, OMB directed that a cost analysis be made of performing those functions in-house, and as a result of the cost analysis it was determined it is more cost effective to perform this work by contract. I will provide the list of the private firms for the record.

[The information follows:]

CONTRACTUAL SERVICES

Ground maintenance contractor, Davey Tree Co.; security contractor, RHK Services; and headstone contractor, CHASCO Corp.

Senator GARN. How much do you estimate will be paid to these firms in fiscal year 1982—what are your projections for fiscal year 1983?

Mr. COSTANZO. The current contract for ground maintenance in fiscal year 1982 is $982,000. The fiscal year 1983 cost is going to be $1,104,000. The security contract for fiscal year 1982 was $316,000. For fiscal year 1983, the cost is $398,000. The headstone contract for fiscal year 1982 cost was $37,000 and the fiscal year 1983 cost is $205,000.

ARLINGTON HOUSE

Senator GARN. As a matter of personal curiosity, what is the status of Arlington House renovations?

Mr. COSTANZO. While Arlington House is located within the Cemetery, it is under the jurisdiction of the Department of the Interior, National Park Service.

Senator GARN. Do you have any idea when the work will be completed?

Mr. COSTANZO. On the renovation, it is almost complete. They have had some problem with the covering of the pillars. I understand there is a moisture problem. They have removed the outer masonry and are allowing it to dry. I understand they will be applying the new masonry this spring and it should be completed very shortly.

Senator GARN. The remainder of my questions, as well as questions from Senator Huddleston, I will submit to you for response in the record. Do you have any additional comments?

Mr. COSTANZO. Yes, sir. As a personal note, I would like to advise you that on February 14, 1982, the State of Utah presented a distinguished service medal in memory of all citizens from the State of Utah who now rest in honor and glory in Arlington.

Senator GARN. Thank you very much for your testimony today.

[The following questions were not asked at the hearing but were submitted to the agency for response subsequent to the hearing:]

Questions Submitted by Senator Garn

CONSTRUCTION

Question: You are requesting $340,000 for construction projects at Arlington National Cemetery. Of this amount, $40,000 would be used for specifications and engineering drawings and administrative cost associated with the plans to add an additional 5,000 niches at the Columbarium. Will the specifications and engineering drawings be done by in-house personnel or an outside firm?

Answer: Specifications and engineering drawings will be done by an outside firm.

Question: If an outside firm will be doing the work, who has been awarded the contract?

Answer: The contract will not be awarded until FY 1983, therefore the contractor is not known at this time.

Question: When will the additional niches be added to the Columbarium?

Answer: The additional niches are programmed for FY 1984.

LAND AND STRUCTURES

Question: In FY 83, you are requesting $528,000 for land and structures. This is an increase of $523,000 over your current FY 82 level. What is the justification for this large increase?

Answer: $300,000 is required to continue on with our road renovation program. $228,000 is required to accomplish the following projects which have been repeatedly deferred over the past several years because of funding limitations and are now urgently required to maintain optimum conditions:

A. Replace 25 Sugar Maple Trees, 5"-6" diameter, estimated cost $15,000.

B. Plant an additional 30 trees 3"-4" diameter as follows: 1 American Beech, 9 Bur Oak, 8 Red Maple, 2 Scarlet Oak, 2 Sweet Gum, 3 White Oak, 2 Sugar Maple, 2 Pin Oak, 1 White Pine, estimated cost $35,000.

C. Replace 50 year old underground high-voltage electric cable and transformer in old North Area of the Cemetery, estimated cost $35,000.

D. Widen entrance gates and replace iron picket fence at Soldiers' Home National Cemetery, estimated cost $95,000.

E. Replace worn out carpets in the Family Funeral Reception Area, and Chaplains' Lounge at the Administration Building (3,125 square yards), estimated cost $25,000.

F. Caulking exterior walls, and replace roof on Mast of the Maine Monument, estimated cost $23,000.

AMPHITHEATRE RENOVATION

Question: Renovation of the Arlington Memorial Amphitheatre began in 1980. In your opening statement last year, you indicated that it would take approximately 18 months to complete the renovations. Is the timetable still accurate? If not, when do you estimate work will be completed?

Answer: The timetable is on schedule.

Question: What work remains to be completed on the Amphitheatre?

Answer: Only minor finishing work remains to be completed.

Question: During last year's hearings, you also indicated that there were changes made in the scope of the work from when the contract for the Amphitheatre was first awarded in 1980. Have any further changes taken place over the last year?

Answer: The scope of the project has not changed since last year.

INITIAL BUDGET REQUEST

Question: How does your Fiscal Year 1983 Budget request compare to your initial request to OMB?

Answer: The Fiscal Year 1983 budget request is $1,297,000 less than the initial request to OMB.

Question: In what areas were the major reductions made and what effect will these have on the operation and maintenance of your facilities and the standard which you have to maintain in those facilities?

Answer: All reductions were in the construction and road repair area and will not have a significant effect upon the operation and maintenance of facilities.

ROAD CONSTRUCTION

Question: In FY 83, $300,00 will be used to continue working on road repair at Arlington Cemetery. How much do you estimate will be spent on this effort in FY 82?

Answer: No funds are being obligated in FY 82 for road repair.

Question: When do you estimate the repairs will be completed?

Answer: If funds become available as requested, the final three phases of road repair project can be completed by 1986.

Questions Submitted by Senator Huddleston

QUALITY OF MAINTENANCE

Question: On page 2, of your statement, you indicate there has been "degradation of the quality of maintenance" at Arlington National Cemetery. Could you elaborate?

Answer: Arlington National Cemetery has become one of our Nation's most revered National Shrines. The beauty and serenity of Arlington has always been noted in its well-kept lawns; large beautiful trees; row upon row of clean, properly-aligned headstones; and its well-maintained winding roads, structures and facilities. The most noticeable deterioration in the quality of maintenance has occurred in inadequate headstone cleaning and realignment, turf maintenance and weed control. During Fiscal Year 1982, the weed eradication program was deferred; headstone realignment was reduced 63%; pruning of dead, dying and diseased limbs from 50 trees was deferred, and the procurement of fertilizer reduced by 200 tons. In addition to the foregoing, the antiquated Visitor Center, which was constructed in 1968 as a temporary structure, continues to present serious operational problems. It was not constructed to accomodate the approximately three and one-half million tourists who use this facility annually. During the peak visitor season, 1 April to 1 September each year, this area inhibits the orderly flow of the thousands of tourists who pass through this facility daily. The location of the existing Visitor Center on Eisenhower Drive creates major traffic problems and seriously conflicts with operational funeral traffic from the Administration Building to the interment areas. Also the road renovation program is several years behind schedule. Approximately 80% of the existing roads, curbs, and gutters, has deteriorated due to water and frost penetration. The roads are not only unsightly because of the numerous potholes, cracks, and crumbling curbs, but also present a safety hazard for the numerous pedestrians and vehicles using them.

BURIAL AND INURNMENT ELIGIBILITY

Question: Who is eligible for in-ground burial and who for inurnment at Arlington?

Answer: Following are the eligibility criteria for ground burials and Columbarium inurnment at Arlington National Cemetery:

Ground Burial:

a. Any person whose death occurs while serving on active duty in the Armed Forces of the United States.

b. Armed Forces retirees, receiving retired pay, or eligible to receive retired pay at some future date.

c. Honorably discharged veterans who have held Federal elective office.

d. Honorably discharged veterans who have held Federal appointed office at Level I or Level II.

e. Honorably discharged veterans who have served as Chief Justice of the United States or as an Associate Justice of the Supreme Court of the United States.

f. Honorably discharged veterans who have held Ambassador positions at Class I missions.

g. Honorably discharged veterans who have been awarded either the Medal of Honor, Distinguished Service Cross, Navy Cross, Air Force Cross, Distinguished Service Medal, Silver Star, or the Purple Heart.

h. Honorably discharged veterans who were separated from the Armed Forces prior to 1 October 1949 because of a service-connected disability rated at 30% or more.

i. Spouses, unmarried minor children, and unmarried dependent adult children of the persons listed above. Minor children must be less than 21 years of age or 23 years of age if attending school as a full-time student. Unmarried dependent adult children must be incapable of self-support because of a physical or mental condition which occurred before attaining the age of 21.

Columbarium Inurnment:

Any honorably discharged veteran of the United States Armed Forces, his or her spouse, and dependent children may be inurned in the Columbarium for cremated remains.

CONTRACTS

Question: What portion of your $6 million operation and maintenance request will be used for contracts with private firms?

Answer: $2,336,000.

Question: How is a determination made on when to contract out and when to do the work in-house?

Answer: A detailed analysis of the cost to perform the work in-house is made. That cost is compared to the cost commerical vendors bid on performing the same work. If the commercial vendor's bid is lower than the in-house cost, the contract will be awarded.

NON-FUNERAL EVENTS

Question: When non-funeral events are held in Arlington, do you assume the full cost of holding such events?

Answer: The Cemetery assumes all costs associated with setting up the ceremonial area, i.e., flags, chairs, public address systems; cleaning and policing the area; traffic control; and parking. During Fiscal Year 1983, we project that 6.18 work years will be devoted to ceremonial events and that approximately $5,000 will be expended for supplies and material to support these ceremonial events.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

STATEMENT OF VIRGINIA H. KNAUER, SPECIAL ASSISTANT TO THE PRESIDENT, AND DIRECTOR, U.S. OFFICE OF CONSUMER AFFAIRS

ACCOMPANIED BY:

ROBERT F. STEEVES, ACTING DEPUTY DIRECTOR

FRANK R. MARVIN, DIRECTOR, MANAGEMENT AND CONSUMER COMPLAINTS

JOHN P. SCULLY, ACTING DIRECTOR, DIVISION OF BUDGET POLICY AND MANAGEMENT, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Senator GARN. If we could now have the witnesses for the U.S. Office of Consumer Affairs.

The U.S. Office of Consumer Affairs was created by President Nixon in 1971 to advocate consumer needs and viewpoints in the Federal Government, to foster consideration of consumer interests by other Government agencies, and to seek information and educate individual citizens to deal more effectively in the marketplace and to learn of opportunities to participate in Government decisionmaking. The Director of the Office also traditionally serves as Special Assistant to the President.

The budget proposal before us for the Office totals 40 full-time permanent positions and $1,987,000, an increase of $227,000 over your current fiscal year 1982 appropriations level.

Virginia, we are happy to have you with us today. If you would like to proceed with your statement.

Ms. KNAUER. Thank you, very much, Mr. Chairman.

PREPARED STATEMENT

In the interest of time, I have shortened my formal remarks. I presume the full remarks will be placed in the record.

Senator GARN. Your entire statement will be placed in the record.

[The statement follows:]

STATEMENT OF VIRGINIA H. KNAUER

Mr. Chairman and members of the Committee, my staff and I are here today to address programs of the United States Office of Consumer Affairs in the first year of the Reagan Administration --- our plans for Fiscal Year 1982 --- and our expectations in the FY 1983 budget year.

I am pleased to say that for USOCA, calendar year 1981 was the most productive of any I have seen in nine years as a Special Assistant to the President.

During the year, the staff developed and implemented a program of outreach to consumer leaders which included 197 policy-level meetings with representatives of constituency groups. One of the highlights of USOCA outreach was the launching of Project Partnership -- a pilot private-sector initiative for finding meaningful career employment for disabled individuals.

Consumer information efforts in 1981 addressed major issues through 68 speeches, 110 media interviews, publication of our twice-monthly newsletter, Consumer News, and developing low-cost fact sheets on pertinent consumer topics.

Among projects to improve the handling of consumer complaints was a Consumer Resource Exposition on Capitol Hill to help Congressional offices reduce the time and cost for response to constituent inquiries by introducing them to the informational resources of the departments and agencies of government. USOCA also sponsored with the Postal Service and FTC a conference for state and local groups on consumer fraud schemes. We encouraged the funeral industry to establish ThanaCAP, a voluntary panel to handle unresolved complaints about funeral prices and services.

The Consumer Affairs Council, established by Executive Order 12160, was reactivated and meetings were held with designated ranking officers of 42 Federal agencies.

Providing a consumer perspective in Federal programs was achieved by staff participation on ad hoc interagency task forces, filing comments on proposed Federal agency regulations, such as patient package labeling on prescription drugs, and written comments and testimony on legislative proposals. Last April, I testified as to the urgency of bringing the average sodium intake of the susceptible

population down, but by voluntary means rather than new legal mandates. This approach seems to be working. FDA estimates that some 40 percent of processed foods will be sodium-labeled by later this Spring as compared with about 13 percent last year. Moreover, increasing consumer awareness of the problem is making low-sodium products so popular that more and more retailers are coming out with them.

Fiscal 1982 represents a transition year as we join other Federal agencies to reduce the cost of government operations. It will not be easy. We are committed to reduce staff and program support costs but we are also committed to continuation of cost-effective initiatives in each of our major program areas. For example, as part of our outreach efforts on February 4 and 5 of this year USOCA and the Energy and Aging Consortium sponsored a successful conference at the Twin Bridges Marriott Hotel on energy problems of the elderly. Senior citizens unable to pay their utility bills suffer severe hardships. Our office developed the concept that perhaps the representatives of three religious faiths -- Jewish, Catholic, and Protestant, could work with energy suppliers to establish local fund raising entities in communities across the nation. The religious representatives would operate the fund, while the energy suppliers would notify the fund about senior citizens who need emergency assistance. This concept has received support thus far from both energy suppliers and religious representatives.

As another part of our effort to foster local level self-help initiatives, my staff is coordinating National Consumers Week, April 25 to May 1. Officially proclaimed by President Reagan, this important White House initiative will encourage the development of free enterprise, consumer and economic education at all levels. Supermarkets and banks, extension agents and credit unions, state consumer protection agencies and universities will be working to improve the economic understanding and competency of our citizens.

In the area of consumer complaints, we will be meeting with officials of selected industries such as the airline industry, to develop voluntary consumer action panels to address unresolved complaints.

The budget proposed for 1983 requests 40 full-time permanent positions, three less than in fiscal 1982. Pay raises and increases in costs due to inflation are partially offset by the reduction of personnel, resulting in a budget of $1,987,000 - a net increase of $227,000 over 1982. It should be noted that no funding for the 1981 pay raises has been included in the 1982 column of this budget. OMB is reviewing the needs of all departments and agencies, and will request any necessary pay raise supplemental in April.

With more limited resources in 1983, the USOCA staff will increasingly serve in a coordinator and catalyst role among government, business and consumers. We will place priority on outreach, consumer education and information, and the provision of technical assistance to business and non-Federal government groups to improve handling of consumer complaints. There will be less emphasis on implementation of Executive Order 12160 as agencies now have systems in place. Fewer resources will be devoted to participation in interagency task forces, and review of legislative and regulatory issues will be on a more selective basis. However, we will monitor Federal agency actions and speak out on significant economic and regulatory issues affecting large numbers of consumers when it is clear that our perspective or expertise would be helpful. We will again sponsor forums such as the Low-Income Consumer Help Conference to promote the exchange of ideas and innovative concepts. The Consumer's Resource Handbook and low-cost fact sheets will be printed. Our plans for consumer education in 1983 include a second National Consumers Week and encouraging the private sector to sponsor and fund a National Foundation for Consumer Education. Developed initially by my office in 1977, the Foundation would serve as a research, resource and referral center to further the interdisciplinary focus of free enterprise, consumer and economic education. Consumer complaint resources will be channeled to programs of technical assistance to business and local governments, aid to Congressional case workers and sponsoring meetings to share complaint technology.

In cooperation with private industry we will sponsor a conference on third-party dispute resolution mechanisms, particularly voluntary consumer action panels. This is in line with Chief Justice

Warren E. Burger's recent remarks that changes should be made in redress systems "that can produce an acceptable result in the shortest possible time, with the least possible expense and with a minimum of stress on the participants."

Emerging issues and the Administration's programs will be brought to the attention of consumers through regular group meetings, our newsletter and the print media. Greater use will be made of the electronic media to reach large numbers of consumers at low cost. The proposed level of funding would continue to be characterized by a close working relationship between the staff of USOCA and the White House Office of Public Liaison to insure inclusion of the consumer perspective in Administration policy actions.

Mr. Chairman, we believe that USOCA activities in Fiscal 1983 are an essential, cost-effective component of the Administration's programs. We would be pleased to answer any questions you may have.

HIGHLIGHTS OF STATEMENTS

Ms. KNAUER. Mr. Chairman, my staff and I are here today to address programs of the U.S. Office of Consumer Affairs.

I am pleased to say that for the Office of Consumer Affairs, calendar year 1981 was the most productive of any I have seen in the 9 years that I have served as a Special Assistant to the President.

The complete text of my opening statement indicates the diversity of USOCA program interests, the policy-level meetings we had with our various constituency groups, and our contact with the media. May I highlight a few. Among the projects to improve the handling of consumer complaints was a consumer resource exposition on Capitol Hill to help congressional offices to reduce the time and cost for response to constituent inquiries by introducing them to the informational resources of the departments and agencies of Government.

The Office of Consumer Affairs also sponsored with the Postal Service and FTC a conference for State and local groups on consumer fraud schemes, and we also encouraged the funeral industry to establish ThanaCAP, a voluntary panel to handle unresolved complaints about funeral prices and services. The Consumer Affairs Council, established originally by President Ford and enlarged under President Carter by Executive Order 12160, was reactivated. The President appointed me its Chairman and meetings have been held with designated ranking officers of 42 Federal agencies.

Fiscal 1982 represents a transition year as we join other Federal agencies to reduce the cost of Government operations. It will not be easy. We are committed to reduce staff and program support costs, but we are also committed to continuation of cost-effective initiatives in each of our major program areas.

For example, as part of our outreach efforts, on February 4 and 5 of this year the Office of Consumer Affairs and the energy and aging consortium sponsored a successful conference at the Twin Bridges Marriott Hotel on the energy problems of the elderly.

As another part of our effort to foster local levels of self-help initiatives, my staff is coordinating National Consumers Week from April 25 to May 1. Officially proclaimed by President Reagan, this important White House initiative will encourage the development of free enterprise, consumer and economic education at all levels.

In the area of consumer complaints, we will be meeting with officials of selected industries, such as the airline industry, to develop voluntary consumer action panels to address unresolved complaints. This is, of course, what we did with the funeral industry in the creation of ThanaCAP.

The budget proposal for 1983 requests 40 full-time permanent positions, 3 less than in fiscal 1982. Pay raises and increases in costs due to inflation are partially offset by the reduction of personnel resulting in a budget of $1,987,000, a net increase of $227,000 over 1982.

It should be noted that no funding for the 1981 pay raise has been included in the 1982 column of this budget. OMB is reviewing the needs of all departments and agencies and will request any necessary pay raise supplemental in April.

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There will be less emphasis on implementation of Executive Order 12160 as agencies now have systems in place. Fewer resources will be devoted to participation in interagency task forces, and review of legislative and regulatory issues will be on a more selective basis. However, we will monitor Federal agency actions and speak out on significant economic and regulatory issues affecting large numbers of consumers when it is clear that our perspective or expertise would be useful.

We will again sponsor forums such as the low-income consumer self-help conference to promote the exchange of ideas and innovative concepts.

The Consumer's Resource Handbook and low-cost fact sheets will be printed. Our plans for consumer education in 1983 include a second National Consumers Week.

In cooperation with private industry, we will sponsor a conference on third-party dispute resolution mechanisms, particularly voluntary consumer action panels.

This is in line with Chief Justice Warren E. Burger's recent remarks that changes should be made in redress systems "that can produce an acceptable result in the shortest possible time, with the least possible expense, and with a minimum of stress on the participants."

Emerging issues and the administration's programs will be brought to the attention of consumers through regular group meetings, our newsletter, and the print media. Greater use will be made of the electronic media to reach large numbers of consumers at low cost.

The proposed level of funding would continue to be characterized by a close working relationship between the staff of the Office of Consumer Affairs and the White House Office of Public Liaison to insure inclusion of the consumer perspective in administration policy actions.

Mr. Chairman, we believe that Office of Consumer Affairs activities in fiscal 1983 are an essential, cost-effective component of the administration's programs.

I will be pleased to answer your questions.

Senator GARN. Thank you.

CONSUMER ACTION PANELS

In your opening remarks, you mentioned that the funeral industry is in the final stages of establishing a consumer action panel to handle unresolved consumer complaints. I understand you are currently working on establishing a similar mechanism in the airline industry.

Could you explain in little more detail how these consumer action panels operate?

Ms. KNAUER. Each panel operates a little differently, but basically, they are voluntary. We approach the various businesses or industries that have problems in addressing consumer complaints. We have some basic rules.

For instance, only after a consumer has complained directly to the business or the industry involved and is dissatisfied, can he contact the consumer action panel. A staff member of the panel tries to mediate a resolution before bringing it to the attention of the panel. A panel is usually composed of a mixture of experts in the field and consumer representatives, meets regularly, usually quarterly, and votes upon cases without knowing the identity of the complainant or the business being complained about. Depending upon the consumer action panel, decisions may be binding on the business or consumer, or on both.

Senator GARN. How has the airline industry responded to the establishment of one of these panels?

Ms. KNAUER. So far, positively. They realized, of course, there is going to be a sunset for the Civil Aeronautics Board with its most effective consumer unit. We feel that the airline industry has been historically consumer oriented, and we have been working through all the relevant associations and enlisting their support.

Some see this as an excellent opportunity to show the public that they are customer oriented and will back up this voluntary program.

Senator GARN. Do you have some further examples of other industries that have initiated these panels?

Ms. KNAUER. Yes. In 1970, we helped form MACAP, that is the Major Appliance Action Panel. It is still going strong. There are many fine, dedicated members on that panel.

14-067 O - 83 - 4

We also established FICAP, that is, the Furniture Industry Consumer Advisory Panel. The last one I established was AUTOCAP, that is the Automotive Consumer Action Panel. That started off with about 9 branches and it has grown to 34, with several others in the development process. This panel is funded by the National Automobile Dealers Association with support from the manufacturers, too.

AUTOCAP has been highly successful and has been adopted by the Council of Better Business Bureaus, too.

PROJECT PARTNERSHIP

Senator GARN. In 1981, as part of the International Year of Disabled Persons, you launched Project Partnership, a pilot demonstration program which was aimed at providing employment for disabled persons in Los Angeles, San Francisco, and New York.

Did any other agencies participate in this demonstration project?

Ms. KNAUER. No other agencies. This was strictly the activity of the White House Office, as well as the Office of Consumer Affairs.

Senator GARN. Will this project be continued in 1982?

Ms. KNAUER. Yes; the three programs that you mentioned are pilot programs and each a little different from the other.

We are seeking to develop a format that can be replicated everywhere. The key is that it enlists the chief executive officers of companies.

These are people who can commit specific jobs for the severely disabled. These partnerships are stimulated by our efforts, but it is private industry initiative in partnership with representatives of the disabled community.

Senator GARN. Do you have any data which indicates how many people have been hired as a result of the project?

Ms. KNAUER. Yes; in Los Angeles it is about 30. That project also included a study of why people who are disabled have not gone back to work because of disincentives, attitude, and transportation barriers.

In the San Francisco Bay area, I understand about a dozen have gained employment. This is, as I said, just the beginning. In New York, the people designated, I think, are still in rehabilitation but coming out of that soon. That is under the aegis of the Connecticut General Insurance Co. and other corporate sponsors.

We are not quite sure yet which is the most effective way of replicating the three Project Partnership models, but we hope to make this determination soon. We are also working on Projects with Industry that are in the Rehabilitation Services Administration of the Department of Education headed by George Conn. This program receives about $5 million in seed money and has resulted in placing 10,000 disabled people in significant jobs this past year. This has been an ongoing effort for several years. Those 10,000 people are putting into the economy wages totaling about $100 million annually. So it is very cost effective. We are also working with the Electronics Industry Foundation. They have placed about 1,300 people in a very short time, largely in the electronic industry. These are, for the most part, severely disabled people who would be out of the main stream.

The National Restaurant Association for years has hired mentally retarded people to do work, providing them job experience and jobs in the restaurants of America. This year, working with the National Institute of Mental Health, which has a program for hiring the mentally restored, the restaurant people are now also hiring people who have experienced some mental difficulty.

So this is an exciting opportunity and in my role as Special Assistant, I work with all of these corporations and organizations to encourage them. But, the Project Partnership initiative is our own contribution to this private-sector effort.

EFFECT OF SEPTEMBER 1982 BUDGET REVISION

Senator GARN. Last year, the administration's March budget reduced your original fiscal year 1982 budget from $2,649,000 to $2 million. As a result of the administration's September budget revisions, title V of the 1982 HUD-Independent Agencies Appropriations Act further reduced your budget to $1,760,000.

What activities were impacted as a result of this additional reduction in your 1982 budget?

Ms. KNAUER. Mr. Chairman, the reduction of $240,000 means that less staff effort is being devoted to administrative support of the Consumer Affairs Council and Executive Order 12160. Less staff will also be devoted to the evaluation of food, health, nutrition, and other issues affecting consumers, including related participation in ad hoc interagency task forces.

Regulatory legislative initiatives will be further curtailed and staff involvement will be limited to those areas of high priority.

On-site evaluation of Federal agencies handling of complaints has been eliminated and administrative support has been reduced by one position.

I feel that, in the aggregate, the reductions for 1982 will have a significant impact on Office of Consumer Affairs programs and will require meeting the basic Office objectives on a more selective basis.

1982 WORLD'S FAIR

Senator GARN. In January 1982, the Office submitted a formal proposal to cosponsor, along with a consortium of other Federal agencies and the Council of Better Business Bureaus, a consumer resource exhibit at the 1982 World's Fair in Knoxville, Tenn.

What other agencies will be involved with the exhibit and what will be the total cost of the exhibit?

Ms. KNAUER. We have been working with the Department of Commerce, the Department of Energy, and the Consumer Information Center. These agencies have programs which relate directly to our exhibit. We don't know what the total cost of the exhibit will be, but the Department of Commerce has agreed to pay for the design and layout and the World's Fair Committee is seeking private funding for the printing of a booklet which will be entitled, "The Energy Consumer Guide".

Our Office contribution is minimal. It is staff time and preparation of the publication. Incidentally, our staff is not moving down to the World's Fair to run this. We have agreements with the local better business bureau and various women's volunteer groups that they are going to provide staffing.

Senator GARN. How much money will your Office contribute to the exhibit?

Ms. KNAUER. I think it certainly is going to be less than $1,000.

PAY RAISE SUPPLEMENTAL

Senator GARN. In your opening remarks you state that no funding has been included for increased pay costs in fiscal year 1982. However, you further state that OMB is reviewing the needs of all departments and agencies and will request any necessary pay raise supplemental in April.

What is the projected cost of the pay raise for the Office and how much will you absorb?

Ms. KNAUER. Mr. Chairman, in fiscal year 1982, $56,000 would be needed for the October 1981 general pay raise and $32,000 will be needed to cover the cost of the December 1981 executive pay raise. This would be a total of $88,000. So far, OMB has not reached a decision on any amount that we might be expected to absorb.

FURLOUGH OF USOCA STAFF

Senator GARN. Yesterday, the subcommittee received a copy of a letter from the American Federation of Government Employees concerning the Department of Health and Human Services' intention to furlough your entire staff for 22 days.

According to this letter, OCA staffers are the only employees under the Department's management who are threatened with furlough or RIF action.

What is your response to that letter?

Ms. KNAUER. I have just recently seen the letter, but I would like to call on Mr. John Scully of HHS; perhaps he can give the Department's rationale for this furlough.

Mr. SCULLY. Mr. Chairman, the union letter was not entirely accurate. We have a contingency plan in effect to begin, if necessary, on May 3. We hope it won't be necessary. We have been assured by the Office of Consumer Affairs that it probably will not be. The contingency plan would furlough people for up to a total of 22 days; however, no decision has been made to begin.

Senator GARN. If it did become necessary to activate this plan, I would assume that it would be better to furlough rather than RIF employees?

Mr. SCULLY. That is our position, sir.

PERSONNEL CLASSIFICATION STANDARD

Senator GARN. During 1981, you worked with the Office of Personnel Management in establishing a new personnel classification standard for the consumer affairs profession.

What is the status of this standard and why was it necessary to establish a new standard?

Ms. KNAUER. When Executive Order 12160 was issued, it was felt by many that consumer affairs had developed and matured to the point where it was an identifiable profession within the Federal Government.

Therefore, OPM was directed to consult with the newly established Consumer Affairs Council, which is made up of designees of the 42 different departments and agencies, on the need to develop a separate classification standard for employees working in the consumer field.

During 1980, a working group of the Council did, in fact, meet with OPM on the subject, and a preliminary analysis of the components of the consumer affairs field was conducted.

It was suggested at that time that more research was needed to obtain a clearer picture of these components and the OPM staff indicated that, in their view, it would be several years before the nature of the profession became sufficiently clarified to justify a development of a standard. However, the development of a standard is expensive and it was not one of OPM's priorities. A considerable amount of work was already going into the development of a related standard for the public affairs professional.

Further, the development of a standard has not been a high priority for our Office, especially in light of the current resource constraints. Consequently, no work has been done in this area by either organizations since 1980 except for review by USOCA of the final public affairs standard.

POSITIONS

Senator GARN. In fiscal year 1983, you will have 40 full-time positions. This is a decrease of three full-time permanent positions and $104,000 from your current fiscal year 1982 estimate.

How will this decrease affect the Office's activities?

Ms. KNAUER. Mr. Chairman, we expect to have one less position each in the Office of Management and Consumer Complaints, the Division of Consumer Programs, and in our General Counsel staff.

As a result of the reduction of three positions, we will devote less staff effort to participation in interagency task forces addressing emerging consumer issues. There will be less review of legislative regulatory proposals. Our consumer complaint resources will be oriented to programs of technical assistance to business and State and local governments, but we will continue our liaison work with congressional caseworkers and the sponsoring of meetings to share complaint technology. There will be, of course, less staff to support the Consumer Affairs Council because it is well in place.

Senator GARN. Thank you, very much.

The remainder of my questions, as well as questions from Senator Huddleston, I will submit to you for response in the record.

Do you have any additional comments?
Ms. KNAUER. No. Thank you, very much, Mr. Chairman.
Senator GARN. Thank you for your testimony today.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted to the Office for response subsequent to the hearing:]

Questions Submitted by Senator Garn

Consumer's Resource Handbook

Question: In FY 1983, you are requesting $2,000 to typeset the reprinting of the Consumer's Resource Handbook. You state, however, that printing costs of the Handbook will be covered by other participating Federal agencies and private firms. What will be the total printing costs of the Handbook?

Answer: The total costs for reprinting the Handbook will be determined by the total number of copies ordered by Federal agencies participating in the project. At this time it is not possible to estimate the extent of participation by other agencies because we have not yet formally asked these agencies to participate in reprinting the Handbook, nor have they informed us of their levels available for this proposed project in FY 1983.

I should also like to point out that in addition to publication of the Handbook by Federal agencies, we also hope to work with and encourage the private sector to print copies of the Handbook and make them available to customers, clients, employees and the general public. While we would act as a catalyst to promote private sector publication of the Handbook, business and business associations actually print the Handbook privately.

Question: How often do you update this Handbook?

Answer: The Handbook was updated in 1981. It evolved primarily into a directory of assistance sources for consumers, and we feel it should be updated annually to assure that consumers receive accurate information of the government and non-government sources available to furnish information or resolve consumer problems.

Question: Will the printing of the Handbook be done by a private firm? If so, which firm has been awarded the contract?

Answer: Printing of the Handbook has been and will be handled by the Government Printing Office. Selection of a printing firm will be made in accordance with GPO's bid and contract procedures. Should the private sector also initiate a printing of the Handbook the private sector organizations involved will be responsible for printing copies on their own.

Question: Please provide for the record how much each agency will contribute for printing the Consumer's Resource Handbook, and explain your method of determining how much each agency must pay for printing costs.

Answer: Since each agency will let us know how many copies it intends to purchase and the level of funding available for the project following our announcement of the joint printing plan and request for funds to be made in FY 1983, we cannot accurately predict each agency's ability to participate in a reprint for the Handbook. I can say that our request to each agency for assistance in reprinting will contain a recommended funding level that will depend on how much of the Handbook is devoted to programs and listings of that agency, the size of a particular agency, and the amount spent previously by that agency for the Handbook.

Travel Costs

Question: You are requesting $45,000 in FY 1983 or $10,000 more than last year for travel and transportation costs. What is the justification for this increase?

Answer: The additional $10,000 would be devoted primarily to maintaining our outreach efforts. This will enable principal staff officers and myself to meet at the local level with consumers to discuss their problems and to get their reaction to proposed new initiatives. Each trip is carefully planned so that we can address large and diverse groups. Generally we plan a number of stops in a trip so that we can get the most for each travel dollar.

We take advantage of special transportation rates such as the government contract airlines and specials to cities where the government has no contract airline service. But basic costs in the area of transportation and lodging have increased so that more funds are required to meet essential needs.

All travel is approved by one individual in the Office to avoid conflicting and overlapping travel.

Question: Please provide the Subcommittee with a summary of travel undertaken by OCA employees during the last two fiscal years, including places visited, length of trip and cost.

Answer: The following is a summary of travel undertaken by USOCA employees in FY 1980 and 1981.

FY 1980 Travel
(Based on Available Data)

Name	Place Visited	Length of Stay	Cost
Peterson, Esther	Los Angeles, CA	09/25-29/80	$ 603.81
	Salt Lake City, Utah		
	Detroit, Michigan	09/23/80	275.97
	Detroit, Michigan	09/10/80	12.00
	New York, New York	08/31-09/01/80	183.97
	Wilmington, Delaware	09/11/80	31.00
	Denver, Colorado	08/03-04/80	450.00
	Madison, Wisconsin	08/05-06/80	298.00
	Alaska & San Fran.	07/15-18/80	220.42
	New York, New York	06/30-07/01/80	194.00
	New York, New York	06/01-02/80	151.50
	New York, New York	05/20-21/80	137.50
	Houston, Texas	04/10-11/80	362.00
	New York, New York	03/30-31/80	134.00
	St. Louis, MO	03/27/80	273.00
	Anaheim, CA	03/08-15/80	1,166.15
	Philadelphia, PA	03/08/80	24.50
	New York, New York	03/03-04/80	131.00
	Boston, Mass.	02/08/80	215.00
	New York, New York	01/31/80	$ 128.50
	Miami/Tampa, FL	01/22-23/80	371.00
	New York, New York	01/02-03/80	134.00
	New York, New York	12/03-04/79	129.00
	Williamsburg, VA	11/27-28/79	141.12
	Montreal, Canada	11/13-14/79	296.00
	Dallas, Texas	11/11-12/79	250.00
	Boston, Mass.	11/05/79	190.00

	New York, New York	10/31-11/1/79	126.00
	Portland, Oregon and Los Angeles, CA	10/21-27/79	1,127.00
	New York, New York	10/19-20/79	126.00
	Salt Lake City, Utah	10/10-12/79	653.69
	Hartford, CT	10/03/79	260.77
Cadwell, Charles	Reston, VA	10/22-24/79	104.47
Cavagnaro, Charles	Atlanta, Georgia	09/29-30/80	297.30
Chapman, Anne	Putnam, New York	09/09/80	122.01
	Boston, MA	03/24-26/80	385.00
Chipman, Gail	New York, New York	03/16-18/80	187.97
Cohen, Edward	Milwaukee, WI	07/30/80	345.00
	Detroit, MI	05/19/80	277.34
	New York, New York	11/02-03/79	162.06
Cuffe, T. Richard	Denver, Colorado	09/15-16/80	497.48
	Reno, Nevada	05/30-06/04/80	413.36
	New Orleans, LA	10/09/79	353.40
Goldberg, Mark	Lexington, KY	05/15-18/80	312.00
Goldblatt, Roger	New York, New York	07/28/80	251.55
	Philadelphia, PA	05/07/80	88.00
	Detroit, Michigan	05/18-19/80	309.00
	New York, New York	03/16-18/80	209.47
Johnson, R. Benjamin	Cleveland, Ohio	09/19-20/80	89.00
	New Orleans, LA	07/15-18/80	408.60
	Richmond, VA	02/29-03/03/80	104.96
Johnson, Sue	Madison, Wisconsin	08/05-07/80	461.55
Judd, Harry	Myrtle Beach, S.C.	09/29-30/80	357.79
	Boston, MA	09/19-20/80	301.19
	Olympia, WA	05/16-21/80	719.82
	Philadelphia, PA	03/11/80	54.00
	Philadelphia, PA	03/08/80	52.00
	New Hampshire	01/10/80	150.00
	Atlanta, Georgia	12/03-06/79	506.25
	Philadelphia, PA	10/15/79	91.57
Lee, Robin	Pittsburgh, PA	11/26/79	160.20
McLaughlin, Frank	New York, New York	11/15/79	$ 150.20
	Philadelphia, PA	10/16/79	100.00
	Chicago, Illinois	10/19/79	235.00
Nyheim, Charlotte	Tallahassee, Florida	09/24-25/80	399.00
	St. Louis, MO	08/07-08/80	442.00
	San Diego, Calif.	04/16-21/80	844.00
	Roanoke, Virginia	03/26-28/80	141.84
	Las Vegas, San Fran., LA and San Diego	02/04-15/80	970.00
	New York, New York	11/15-16/79	150.00
	Tulsa, Oklahoma	11/07-08/79	504.00
	Portland, Oregon	10/21-26/79	950.26

O'Brien, Belle	Las Vegas, Nevada	04/10-15/80	291.00
	Philadelphia, PA	01/31-02/01/80	95.00
Rumelt, Daniel	Buffalo, New York	05/22-23/80	80.00
	Miami, Florida	03/09-13/80	100.00
	Chicago, Illinois	10/16-19/79	232.15
Shepherd, Charles	Atlanta, Georgia	09/29-30/80	297.30
Shubow, Midge	Columbus, Ohio	09/05-06/80	229.00
	Nashville, TN	05/23-24/80	383.94
	Houston, Texas	02/19-21/80	432.42
	San Juan, Puerto Rico	10/12-15/79	409.08
Smith, Carolyn	Harrisburg, PA	05/19/80	96.00
	Atlanta, GA	12/03-06/79	421.96
Woodard, Beverly	Baltimore, MD	01/11-12/80	100.00
Zellner, Jim	Atlanta, Georgia	11/08-09/79	277.46
	Minneapolis, MN	10/23/79	271.31
	Pasco, Washington	10/29-31/79	546.48

FY 1981 Travel
(Based on Available Data)

Knauer, Virginia	ElPaso, Texas	09/25-27/81	421.77
	Dallas, Texas	08/10-11/81	326.01
	New York, New York	07/28-29/81	198.71
	Denver, Colorado	07/14-15/81	306.83
	Dallas, Texas	06/24-25/81	-0-
	Philadelphia, PA	05/20/81	43.00
	New York, New York	05/19/81	131.00
	San Francisco, Los Angeles, CA	04/22-25/81	397.00
	Philadelphia, PA	04/09-10/81	50.36
	Philadelphia, PA	03/24/81	53.50
	Chicago, Illinois	03/18-19/81	230.81
Peterson, Esther	Boca Raton, Florida	01/06-07/81	$ 468.44
	Denver, Colorado Springs, LA	11/12-15/80	615.38
	New York, New York	11/06-07/80	139.50
	Beaver Falls, PA	10/24/80	138.00
	Stamford, CT	10/25/80	203.00
	Indianapolis, IN	10/20/80	292.00
	Bristol, PA	10/11/80	295.80
	Trenton, New Jersey	10/10/80	200.00
	Seattle, Yakoma, Denver, Texas and NYC	10/01-05/80	1,158.21
Cadwell, Charles	New Haven, CT	05/29-30/81	238.75
	Los Angeles, Calif.	10/05-07/80	805.18
Cavagnaro, Charles	St. Louis, MO	07/11-18/81	685.31
	College Station, TX	01/11-17/81	158.26
Champagne, Cassandra	Lancaster, PA	12/09/80	292.00
Chapman, Anne	Pittsburgh, Pa	06/07-09/81	325.01

Cuffe, T. Richard	Baltimore, MD	10/03/80	31.40
	Baltimore, MD	10/07/80	35.70
Faley, Patricia	Chicago, Illinois	03/10-13-81	587.51
Friedman, Margo	Minneapolis, MN	10/15-16-80	629.10
Garcia, Ernest	Washington, D.C.	02/21-23/81	1,010.55
Goldblatt, Roger	Nashville, TN	03/29-30/81	341.97
	New York, New York	12/01/80	160.50
	Pittsburgh, PA	11/10/80	116.00
	Lansing, Michigan Pittsburgh, PA	10/22-24/80	466.69
Howe, Alyson	Los Angeles, CA	08/09-12/81	494.45
	San Francisco, CA	07/14-19/81	842.49
	San Francisco, CA	06/30-07/03/81	514.00
Jernigan,I.Curtis	Airlie, Virginia	11/05-07/80	121.35
Johnson, R. Benjamin	Chicago, Illinois	12/12-13/80	300.72
	Birmingham, AL	11/06/80	385.25
	Los Angeles, CA	10/18-22/80	537.54
Judd, Harry	Houston, Texas	10/12-13/80	736.48
Lee, Robin	Richmond, VA	1[illegible]/24/80	59.58
Malcolm, Ellen	Bristol, PA	10/11/80	20.00
	Orlando & Miami, FL	10/29-11/03/80	661.83
	Boston & Youngstown	10/16-17/80	336.39
McLaughlin, Frank	New York, New York	12/02-03/80	236.00
Mohr, Lillian	New York, New York	09/11/81	118.00
Nyheim, Charlotte	New York, New York	07/27-30/81	229.00
	New York, New York	05/28-29/81	153.00
	San Francisco and Los Angeles, CA	03/21-25/81	649.04
	New Orleans, LA	12/08-10/80	579.04
	New York City and Richmond, VA	11/19-20/80	230.00
Seltzer, Howard	San Diego, CA	08/16-22/81	831.03
	Airlie, VA	06/04-05/81	104.93
Smith, Carolyn	New York, New York	10/22-24/80	295.23
Steeves, Robert	Asheville, N.C.	09/30-10/1/81	354.67
	Harrisburg, PA	08/04/81	114.25
	Boston, MA	06/08-09/81	204.01
Woodard, Beverly	St. Petersburgh, FL	10/28-29/80	411.42
Quint, Mary Elizabeth	Deep Creek, MD	07/25-26/81	141.24

HELP Radio Series

Question: You recently reinstituted your "HELP" radio series. Why and when was it discontinued and would you explain the program in detail.

Answer: The HELP series was discontinued during the previous Administration because they preferred not to use the show in their mix of public affairs activities. In August 1974, during my last tenure as Director of the U.S. Office of Consumer Affairs, I initiated the HELP radio series, a four-minute interview show in which I discussed current consumer issues with a moderator. The show was then duplicated on records and sent to local radio stations.

I have always viewed the HELP series as an inexpensive way to reach millions of consumers with helpful consumer information, and for this reason I decided to reinstate the show with the four-minute format used previously. The show is now duplicated on tape and is sent to 1,600 radio stations in the top 100 markets. Our latest series of shows contained segments on the wise use of credit, choosing a lawyer, choosing a doctor or dentist, the dangers of high sodium intake, shopping for an individual retirement account, resolving complaints with a major purchase, and tips on making home improvements.

Question: You intend to spend $10,000 on this program in FY 1983. How does this compare to your current CY 1982 estimate?

Answer: Our FY 1982 estimate for the HELP series in FY 1982 is $9,000.

Question: How does your Fiscal Year 1983 budget request compare to your initial request to OMB?

Answer: OMB concurred in the FY 1983 budget request except for $1,000 to cover annualization of unemployment costs and an additional $9,000 requested to cover increases in operating costs due to inflation.

Question: In what areas were the major reductions made and what effect will these have on your program?

Answer: The reduction of $10,000 from a new proposed increase of $237,000 will result in no significant adverse effect on OCA programs. Small amounts will be saved in all non-personnel object classes.

National Consumers Week

Question: The week of April 25, 1982 has been designated National Consumers Week. It is my understanding that OCA will plan, develop and coordinate all national level activities during this week. What type of national level activities will OCA promote?

Answer: USOCA is serving as a catalyst to bring about a variety of activities and events in virtually every city and hamlet across the country. We are encouraging governors and mayors to issue proclamations and to promote consumer and economic education.

We already have schools, educators, community and consumer organizations, corporations, university centers for economic education making plans for consumer education programs during the week. Government agencies, schools, community organizations, the media, labor unions and businesses will be sponsoring and participating in community classes, workshops, contests, television and radio programs, fairs, exhibits and many other events. Some of the planned activities include:

- Safeway Stores will distribute shopping bags to its 2,000 stores for use during the week. The bags will carry National Consumers Week's logo and slogan: Consumers Count Everywhere.

- The U.S. Postal Service (USPS) will celebrate its annual Postal Consumer Protection Week in conjunction with National Consumers Week. USPS's week calls special attention to its Consumer Service Card (to register complaints), the reputability of most mail order firms, and the availability of a program for customers to resolve mail order problems. The service will also issue a special consumer stamp for the week.
- The Department of Defense (DOD) is planning National Consumers Week activities for DOD dependents' schools all over the world. Also, through their newsletter, DOD plans information on financial planning and community and family-oriented articles.

Congressional Liaison Handbook

Question: In addition to the Consumer's Resource Handbook, OCA also in 1981 prepared a Congressional Liaison Handbook to facilitate timely responses by Congressional offices to constituent mail and to reduce agencies' costs of handling consumer inquiries. How much did it cost OCA to prepare this book?

Answer: The preparation of the book, which has generated many compliments and requests was prepared by one staff person. Since this was a revision of an earlier edition, the agencies were sent copies of their original sections and asked to update any inaccurate information. We then compiled the current data and had the revision offset printed. The printing of 2,500 copies came to approximately $1,200 in 1981.

Question: Was the book distributed free of charge to various agencies and Congressional offices?

Answer: Yes.

Question: What has been the response of the various agencies and Congressional offices to this book?

Answer: Agencies are pleased that Congressional offices now have listings of proper names and contacts within their agencies for Congressional liaison. This simplifies their work. To date we have received requests for over 3,000 publications from both Washington and district Congressional offices.

Question: How much do you estimate agencies will save in FY 1982 and FY 1983 if the procedures in the book are implemented?

Answer: A study sponsored by my office in 1975 estimated that each year thousands of pieces of correspondence are either misdirected or unnecessarily sent to a Federal agency for a response. This highlighted the fact that there were no formal training programs for caseworkers on Federal agencies and their varying responsibilities. By identifying Agency Congressional Liaison officers, the special agency procedures and responsibilities, and listings of the most requested publications, we are saving agencies and consumers many thousands of dollars in actual expense and in staff time.

Questions Submitted by Senator Huddleston

Review of Proposed Federal Regulations

Question: During the past year, what has been your involvement in regulatory issues, such as filing of formal regulatory comments?

Answer: In the past year, the USOCA staff prepared 12 formal comments on proposed agency rules and regulations, compared with 29 in calendar year 1980. We project a decline in staff monitoring proposed Federal agency regulatory actions from 3.6 person years in fiscal 1981 to 2.6 person years in 1983. However, the USOCA viewpoint will be evident on those significant issues affecting large numbers of consumers where it is clear that our perspective and/or expertise would be helpful. The following is a list of proposed regulatory actions on which formal comments were presented in calendar 1981.

Jan. 18 — In the Matter of Revision of Regulation Z, Docket No. R-0288

Feb. 19 — In the Matter of Eyeglasses II, Docket No. 215-2

Apr. 14 — Statement of Virginia Knauer before the Hearing on High Blood Pressure Research and its Relationship to the Use of Salt in the Food Supply.

Apr. 28 — DOT Draft Bill to Expedite the Sunset of the Civil Aeronautics Board.

Apr. 30 — In the Matter of Practices of Motor Carriers of Household Goods (Performance Standards).

June 16 — Statement of Virginia Knauer before the Subcommittee of Surface Transportation, Committee on Public Works and Transportation, U.S. House of Representatives, regarding Implementation of Household Goods Act.

July 31 — In the Matter of Deregulation of Customer Premises Inside Wiring, Docket No. 79-105; FCC 81-246.

Aug. 4 — Remarks by Virginia Knauer at William Penn Memorial Museum Auditorium regarding Fraud and the Elderly.

Sept. 17 — Views on Hazardous Substances Export Policy.

Sept. 28 — Views on HUD Report to Congress on the Need for Further Legislation in the Area of Real Estate Settlements.

Oct. 15 — Views on Patient Package Insert Labeling.

Dec. 1 — Views on the FTC's trade regulation rule concerning the sale of used motor vehicles - FTC Improvements Act of 1980.

Staff Grade Levels

Question: Almost one-fourth of your staff is at the GS-15 level. Isn't this a rather large concentration at the top level?

Answer: We believe that the compensation of employees should be consistent with the experience required and the policy level personnel the OCA staff meets in government and the private sector. USOCA is not a technical or operating unit requiring large numbers of clerical or junior level staff assistance. The USOCA grade structure is consistent with other policy formulating/ representational organizations. For example, in 1983 the Office of the U.S. Trade Representative would have 35 persons of grade GS/GM-15 and above out of a staff of 116 full time permanent positions; the Office of Management and Budget 207 out of 594; and the Occupational Safety and Health Review Commission 37 out of 121.

Infant Formula Code

Question: Did the Office of Consumer Affairs take a specific position on the World Health Organization's code on infant formula?

Answer: In meeting our responsibility to assure that the concerns of consumers are heard by appropriate Federal officials, USOCA prepared a paper for the President's Assistant for Public Liaison outlining the support of the code by major American religious, health, labor, consumer and political organizations. The paper also projected the likely response by these organizations to a U.S. vote against the code.

Electronic Media Usage

Question: In your statement (p. 5), you indicate that greater use will be made of the electronic media to reach consumers. Could you elaborate?

Answer: We believe we can reach far greater numbers of consumers with useful information through a more aggressive electronic media outreach program. We have been in contact with radio, television, and cable networks regarding provision of consumer information from our office that can be used in broadcasts. For example, we have approached the electronic media regarding special consumer programming during National Consumers Week. As a result of our efforts, we hope to have segments devoted to consumer issues during the week on national talk shows and such cable systems as C-Span and Cable News Network. Our efforts during National Consumers Week may eventually lead to increased consumer information programming on a regular basis by these media later this fiscal year and into fiscal 1983. Our staff, during this period, is becoming more acquainted with emerging electronic media such as cable and satellite programming, and this developing expertise should enable us to establish close and regular working relationships with these media in 1983. Through this new media mix, we will be able to reach additional millions of consumers with useful and needed consumer information.

Office Space Rental Rates

Question: Your standard level user charges for fiscal 1983 increase dramatically -- from $148,000 to $299,000. What accounts for this large increase?

Answer: The increase of $151,000 is attributable to sharp increases in the rental rates for office space occupied by

the United States Office of Consumer Affairs in Northwest Washington. Rates for USOCA space are now significantly less than the market rate. Recently we made a survey of the area adjoining the USOCA office in the Premier Building at 1725 Eye Street, N.W. and found annual rates of $25 to $30 per square foot, compared with $14.46 we are presently paying or $28.76 GSA estimates we will be charged in 1983. In total, in 1981 we occupied 12,689 square feet of office space, and we now have 10,140 square feet. We continue to re-examine our space needs, and cut wherever possible.

SUBCOMMITTEE RECESS

Senator GARN. The subcommittee will stand in recess until March 16 at 10 a.m., room 1318, when we will receive testimony from the Consumer Product Safety Commission, Department of the Treasury, Office of Revenue Sharing, and the New York City Loan Program.

[Whereupon, at 11:06 a.m. Thursday, March 4, the subcommittee was recessed, to reconvene at 10 a.m. Tuesday, March 16.]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT–INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

TUESDAY, MARCH 16, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:58 a.m. in room 1318, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn (chairman) presiding.

Present: Senators Garn and Specter.

CONSUMER PRODUCT SAFETY COMMISSION

STATEMENT OF NANCY HARVEY STEORTS, CHAIRMAN

ACCOMPANIED BY:
CATHERINE COOK, EXECUTIVE LEGAL ASSISTANT
RICK TINSWORTH, DIRECTOR, OFFICE OF BUDGET PROGRAM PLANNING AND EVALUATION
KIRKE HARPER, ACTING EXECUTIVE DIRECTOR
SAM ZAGORIA, COMMISSIONER
STUART STATLER, COMMISSIONER
DAVID PITTLE, COMMISSIONER
EDITH BARKSDALE SLOAN, COMMISSIONER

BUDGET REQUEST

Senator GARN. The subcommittee will come to order.

The Consumer Product Safety Commission is an independent regulatory agency that was established on May 4, 1973, and is responsible for protecting the public against unreasonable risks of injury from consumer products. The Commission also develops uniform safety standards for consumer products and promotes research and investigation into causes and prevention of product-related deaths, illnesses, and injuries.

This year the Commission is requesting $33,508,000, which represents an increase of approximately $1.85 million from fiscal year 1982.

PREPARED STATEMENT

I see that you have an 11-page prepared statement. If you would present a summary of your remarks at this time, we will place the entire statement in the record.

[The statement follows:]

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STATEMENT OF NANCY HARVEY STEORTS

Mr. Chairman, Members of the Subcommittee:

The Commission has submitted to the Congress for FY 83 a budget request of $33,508,000. As you are all aware, the Consumer Product Safety Commission took a cut in its budget of 26% for FY 82, and an additional 4% reduction in December. These reductions caused some changes in our Commission. As a result of our reduction-in-force and the lower budget, we have reevaluated our priorities and streamlined management in order to accomplish our mission of reducing unreasonable risks of injury. We are now moving forward vigorously with our programs. Since I took over as Chairman on August 4, 1981, I have devoted a significant amount of my effort and attention to reviewing the management of the agency.

When I came to the CPSC in August, I appointed a management review team, comprised of government experts from both inside and outside the CPSC -- at minimal cost to the agency. This group was asked to review CPSC's structure, to assess the impact on CPSC of the congressional budget cuts and of legislative changes, and to make recommendations to the entire Commission.

After thorough analysis of the management review group's recommendations, the Commission voted unanimously to minimize the impact of the budget cuts on the program by:

- Freezing all but emergency personnel actions;
- Accelerating the implementation of the necessary reduction in force for a savings of approximately $420,000;
- Eliminating the Directorate of Communications and the Directorate of Field Operations;
- Establishing an Office of Public Affairs whose major focus will be to work closely with consumers, industry, media, and federal, state and local authorities;
- Reducing the number of field offices from 13 to 5. The five offices will now be major regional offices (Northwestern Region - New York City; Southeastern Region - Atlanta; Midwestern Region - Chicago; Southwestern Region - Dallas; Western Region - San Francisco.) These regional offices will, under the new structure, be much more important and have more authority as they will implement Commission policy and programs at the local level.

Other cost-saving measures that have been adopted include:

- Co-location. Several of our resident posts share office space with the Food and Drug Administration. The Southwestern region alone has saved $19,000 because of this co-location effort. The other regions are being encouraged to do the same.

- Space Consolidation. We have moved a large number of our headquarters staff from our downtown offices to our lower-cost Bethesda office location. By effective use of space layouts and individual space assignments, we were able to give up two floors of space in Washington and also some space in Bethesda. This will effect a savings of more than $1 million dollars over the next two years.

- Contracts. We have cut back or eliminated over $2 million in contracts or projects. While this will delay some of our work, we are continuing to concentrate our resources on the most important projects.

- Printed materials, travel funds, cash bonuses, newspaper and journal subscriptions have been reduced or eliminated.

By these means we have been able to keep spending within our budget level.

You know where we have been. But now, the Commission is plotting a new course for the 80's. With more limited resources we have had to be innovative and creative. We are working, not as antagonists, but in a new spirit of cooperation with industry and consumers alike. Where voluntary standards for safe products can be developed, and consumers are safer as a result, we are encouraging those standards. However, where voluntary standards are not developed, we will take whatever actions are necessary to carry out our role to make consumer products safer.

PRIORITIES

During the current fiscal year, the Commission will focus its efforts and resources on a limited number of priority projects, which are related to serious hazards to the public. The major priorities for action in FY 82 are the following: chain saws, cribs, dyes and finishes, indoor air quality, plastics flammability, poison prevention packaging, electric wiring, wood and coal heating equipment, and upholstered furniture. In addition, we have identified certain process priorities and these include public information and outreach, Section 15, voluntary standards development, special populations, rule review, as well as emerging hazards. The Commission has found that it is far more effective to focus our efforts on a limited number of priority subjects than to scatter our energies among many projects. Our goal is to address those hazards at the top of our priority list effectively, in a manner that produces real protection for the public.

VOLUNTARY STANDARDS

In the Consumer Product Safety Amendments of 1981, Congress directed CPSC to defer to industry voluntary standards when they would adequately protect the public. The Commission has worked with industry in the past to encourage voluntary standards, and now, more than ever, it is demonstrating its commitment to voluntary standards development. On October 21, 1981, the Commission voted unanimously to defer consideration of a mandatory standard

and to continue working with upholstered furniture manufacturers in their voluntary effort to develop furniture which resists ignition by cigarettes. The Commission said: "By this cooperative working relationship the Commission acknowledges the efforts that UFAC (Upholstered Furniture Action Council) has made and encourages manufacturers and retailers to participate in the goals of the program." The American public stands to gain tremendously from a genuine, committed industry effort to solve the problem. It is up to the industry to show they can do it. CPSC has shown that it is willing to cooperate and help industry. We hope that this one industry's effort to solve a serious problem will succeed -- and that it will serve as a model for other industries.

The Commission has also been working cooperatively with industry on voluntary standards for several other consumer products, including ladders, electric blankets, high chairs, and infant strollers. Recently, the Commission's data sources indicated that there were frequent injuries associated with baby walkers -- primarily as a result of tip over and falls down stairs. The Commission asked representatives of the industry to come in to discuss the CPSC injury data. As a result of this dialogue, at the end of February, representatives of the Juvenile Products Manufacturers Association met with the American Society for Testing and Materials to examine the possibility of developing a voluntary standard to address these injuries. We will continue to work on efforts such as these because when they are successful, the result is greater safety for consumers.

UREA-FORMALDEHYDE FOAM INSULATION

Although the Commission is committed to encouraging effective voluntary standards, and I have repeatedly stated my preference for such cooperative efforts, we have also consistently said that when these efforts are unsuccessful, we will use all the regulatory tools available to address an unreasonable risk of injury associated with a consumer product. Such is the case with urea-formaldehyde (UF) foam insulation.

As you know, on February 22 the Commission, by a vote of 4-1, voted to ban the manufacture and sale of UF foam insulation. It was the view of those voting for the ban, myself included, that the health risks -- both acute and chronic -- associated with this product could not adequately be reduced or eliminated by a standard.

The Commission considered a mass of material on the subject, heard and read the views of consumers, industry, trade associations, scientists, and other government agencies, and finally concluded that formaldehyde off-gassing from UF foam insulation is extremely difficult to control and if there is a problem, once the product is in consumers' homes, the problem is virtually impossible to eliminate. The majority agreed that UF foam presented an unreasonable risk of injury to consumers, that no standard -- voluntary or mandatory -- could adequately reduce this risk, and that no standard -- voluntary or mandatory -- could guarantee a timely and complete remedy in the event that the installation of the insulation resulted in undesirable levels of formaldehyde gas.

SECTION 15 RECALLS

The Commission is continuing to stress its Section 15 recall

program -- a cost-effective means of getting unsafe products off the market quickly. Under Section 15(b) of the CPSA, industry must report potentially hazardous product defects to the Commission. These reports, as well as information from other sources, are reviewed and evaluated by the Commission staff. If corrective action is warranted, the staff asks industry to take steps voluntarily to remove the hazardous products from the marketplace and from consumers' hands. Section 15's value has been proved. Since the Commission began, of 1109 corrective action plans, all but approximately a dozen have been voluntary agreements. We will continue to encourage industry to report suspected defects and to work out voluntary plans with us.

Here too, however, there are instances when an attempt at a cooperative and voluntary resolution or a problem isn't successful. On February 24, the Commission issued an administrative complaint against Sears, Roebuck & Company and Roper Corporation. This complaint charges that Roper manufactured and Sears sold over 220,000 Roto-spader roto-tillers that constitute a substantial product hazard and could cause serious injury to their users, including severe lacerations, fractures and amputations. In addition, the complaint alleges that the firms knew of the potential hazard and failed to take action to protect the public or notify the Commission of the problem.

In fact, the Commission is concerned by recent reports that indicate that the number of reports from industry about possible substantial product hazards has declined. We want to know why, and we are investigating the reason. We are making every effort to get to industry the message that firms must report information when they have reason to suspect that their products may present a substantial product hazard. It is efficient and cost-effective, and more beneficial to consumers to have voluntary compliance and cooperation from industry. Since we are now putting more emphasis on Section 15, we have instructed the Compliance Directorate to make an oral report every 30 days to the Commission on Section 15 activity.

IMPROVED CONSUMER INFORMATION AND COOPERATION

I am particularly interested in sharing with you today the Commission's new emphasis on consumer information and on cooperative efforts with outside groups. Our goal is the promotion of product safety. We consider information and education as important components of our overall safety program, especially in these times of fewer federal dollars. We know that consumers want product safety information -- and we know, too, that both government and industry have an interest in providing this information.

There are many different kinds of groups -- business and industry, consumer, state and local government, and other professional and special interest groups -- who share an interest in consumer product safety. One of the goals behind the recent major reorganization of the information program at CPSC is to emphasize the development of relationships with these groups so that we can share information and ideas, and whenever possible combine resources so that maximum numbers of consumers receive product safety messages by the most cost-efficient means. That is the assignment we have given to our newly established Office of Public Affairs.

One excellent example of the kind of cooperation we seek was our December holiday safety campaign in which CPSC worked with the Toy Manufacturers of America (TMA), and Members of Congress, to carry a holiday toy safety message to millions of Americans. The toy manufacturers provided information brochures which were included with CPSC material in kits distributed to Members of Congress, and through our regional offices, to the public. TMA and the Commission held a joint press conference on toy safety on Capitol Hill to launch the campaign.

During National Poison Prevention Week, the week of March 21-27, the Poison Prevention Council and CPSC, which is an active member, will kick-off a nationwide consumer education program on poison prevention. The Council has developed information for use during this effort and we anticipate most, if not all, governors of the 50 states to proclaim this same week as a state poison prevention week.

Last year the Commission published a two-volume handbook explaining safety related information about public playgrounds and playground equipment. These handbooks were widely distributed to state and local officials, educational and consumer groups. In the State of Washington, the Superintendent of Public Instruction had these handbooks reprinted and distributed to school districts throughout the state. This is another type of joint effort that we will promote: where the Commission provides technical guidance and expertise and officials relay the safety message to localities around the country.

These are the beginnings of what we expect will be increasing cooperation with groups which have an interest in either specific or general safety efforts. These kinds of cooperative ventures will help us carry CPSC's safety message far beyond what our agency could do on its own. Although the Federal Government cannot -- and should not -- try to do all of this on its own, I am convinced that, with cooperation, we can successfully deliver our message to the American public.

CONCLUSION

I have tried to review for you CPSC's programs and its allocation of resources. It is, I believe, a picture of a vigorous and viable agency, which has successfully adapted to new conditions and has begun to move in exciting new directions. We will be creative, and we will use effectively every dollar that is appropriated for our work. Our task of protecting the public is no less urgent today than it was in the past. We have an important job to do, and I am confident that we will succeed in building a new coalition, in which the CPSC, state and local governments, industry and consumers will join to promote product safety. Together we will achieve our goal: safer products for the American consumer.

Thank you, and now I am prepared to answer your questions.

HIGHLIGHTS OF STATEMENT

Senator GARN. If you would like to begin.

Ms. STEORTS. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, the Commission has submitted to the Congress for fiscal year 1983 a budget request of $33,508,000. As you are all aware, the Consumer Product Safety Commission took a cut in its budget of 26 percent for fiscal year 1982, and an additional 4 percent reduction in December. These reductions caused some changes in our Commission. As a result of our reduction in force and the lower budget, we have reevaluated our priorities and streamlined management in order to accomplish our mission of reducing unreasonable risks of injury. We are now moving forward vigorously with our programs. Since I took over as Chairman on August 4, 1981, I have devoted a significant amount of my effort and attention to reviewing the management of the agency.

When I came to the CPSC in August, I appointed a management review team comprised of Government experts from both inside and outside the CPSC—at minimal cost to the agency. The group reviewed the CPSC structure and made the following recommendations to the Commission, which were unanimously approved, in order to minimize the impact of budget cuts on the program:

First, freeze all but emergency personnel actions. Second, accelerate the implementation of the necessary reduction in force for a savings of approximately $420,000. We eliminated the Directorate of Communications and the Directorate of Field Operations. We established an Office of Public Affairs, whose major focus will be to work closely with consumers, industry, media, and Federal, State, and local authorities. We reduced the number of field offices from 13 to 5. These regional offices under the new structure will be more important to the Commission and have more authority, as they will implement policy and programs at the local level.

Other cost-saving measures that have been adopted at the Commission include colocation. We are encouraging colocation in our field offices. We have already saved $19,000 in the Southwest region because of this. We have moved a large number of our headquarters staff from our downtown offices to our lower cost Bethesda office location, which will save a million dollars over the next 2 years. We have cut back and eliminated over $2 million in contracts, we have eliminated most subscriptions, and we have also reduced a great many of our printed materials, travel funds, and cash bonuses. By these means we have been able to keep spending within our budget level.

COURSE FOR THE EIGHTIES

Now that you know where we have been, let me tell you the course we are planning for the eighties.

With more limited resources we must be innovative and creative. We are working not as antagonists, but in a new spirit of cooperation with industry and consumers alike. Where voluntary standards for safe products can be developed, and consumers are safer as a result, we are en-

couraging those standards. However, where voluntary standards are not developed, we will take whatever actions are necessary to carry out our role to make consumer products safe.

The major priorities for 1982 that are being contemplated are as follows: chain saws, cribs, dyes and finishes, indoor air quality, plastics flammability, poison prevention packaging, electric wiring, wood- and coal-heating equipment, and upholstered furniture. These are a limited number of priorities, but they relate to the serious hazards the public is facing today. In addition, we have identified certain process priorities, including public information and outreach, section 15, voluntary standards development, special populations, rule review, as well as emerging hazards. Our goal today is to address those hazards at the top of the priority list effectively, in a manner that will bring real protection for the consumer.

VOLUNTARY STANDARDS

As I said, voluntary standards are extremely important to us. In the Consumer Product Safety Amendments of 1981, Congress directed CPSC to defer to industry voluntary standards when they would adequately protect the consumer. We are doing this, and we hope we will be successful in this effort.

The Commission has been working cooperatively with industry on voluntary standards for many consumer products, including upholstered furniture, ladders, electric blankets, high chairs, and infant strollers. Recently, the Commission's data sources indicated there were frequent injuries associated with baby walkers, primarily as a result of tipovers and falls down stairs. Within 1 short month, the industry has begun to examine the possibility of developing a voluntary standard to address these injuries.

UREA-FORMALDEHYDE FOAM INSULATION

Although the Commission is committed to encouraging effective voluntary standards, and I, as Chairman, have repeatedly stated my preference for such cooperative efforts, we have also consistently said that when these efforts are unsuccessful, we will use all the regulatory tools available to address an unreasonable risk of injury associated with a consumer product. Such is the case with urea-formaldehyde foam insulation.

As you know, on February 22 the Commission, by a vote of 4 to 1, voted to ban the manufacture and sale of UF foam insulation. It was the view of those voting for this ban, myself included, that the health risks—both acute and chronic—associated with this product could not adequately be reduced or eliminated by a standard. The Commission heard the views of consumers, industry, trade associations, scientists, and other Government agencies, and concluded to ban the product.

SECTION 15 RECALLS

The Commission is continuing to stress its section 15 recall program, a cost-effective means of getting unsafe products off the market quickly. Under section 15(b) of the Consumer Product Safety Act, industry must report potentially hazardous product defects to the Commission. These

reports, as well as information from other sources, are reviewed and evaluated by the Commission. If corrective action is warranted, the staff asks industry to take steps voluntarily to remove the hazardous products from the marketplace and from consumers.

The Commission is concerned, however, by recent reports that indicate that the number of reports from industry about possible substantial product hazards has declined. We want to know why, and we are investigating the reason for this. We are making every effort, however, to get the message to industry that firms must report information when they have reason to suspect that their products may present a substantial risk.

IMPROVED CONSUMER INFORMATION AND COOPERATION

I am particularly interested in sharing with you today the Commission's new emphasis on consumer information and on cooperative efforts with outside groups. Our goal at the Commission is the promotion of product safety. We consider information and education as important components of our overall safety program, especially in these times of fewer Federal dollars.

We are reaching out now to many different groups—business and industry, consumer, State and local government, and other professional and special interest groups—who share an interest in consumer product safety. We are doing many national priority programs. One was the December holiday safety campaign, which Senator Specter attended and which was a great success. We worked with Members of Congress on this and, through our regional offices, were able to reach out to the U.S. consumer with a message to buy the right toy for the right child at the right age. Next will be National Poison Prevention Week, in which we are working with the 29 members of the Poison Prevention Council. This effort will be kicked off by President Reagan at the White House on March 22. The Governors of the 50 States will all be involved with it. And each of the Commissioners will go to one of the regional offices to kick it off at the local level.

These are the beginnings of what we expect will be increasing cooperation with groups which truly have an interest in either specific or general safety efforts. These kinds of cooperative ventures we feel will carry CPSC's message far beyond what our agency could do on its own. Although the Federal Government cannot—and should not—try to do all of this on its own, I am convinced that, with cooperation, we can successfully deliver our message to the American public.

I have tried to review for you at this point CPSC's programs and its allocation of resources. It is, I believe, Mr. Chairman, a picture of a vigorous and viable agency which has successfully adapted to new conditions and has begun to move in exciting new directions. We will be creative and we will use effectively every dollar that is appropriated for our work. Our task of protecting the public is no less urgent today than it was in the past. We have an important job to do and I am confident that we will succeed in building a new coalition in which the CPSC, State and local governments, industry, and consumers will join together to promote product safety. Together, I feel, we can achieve our goal: safer products for the American consumer.

With me this morning I have at the table Rick Tinsworth, who heads our Budget Office; Kirke Harper, to my left, who is Acting Executive Director; and Catherine Cook, who serves as Executive Legal Assistant and was recently Associate Executive Director for Compliance. Also, Commissioner Statler, Commissioner Zagoria, Commissioner Pittle, and Commissioner Sloan are right behind me in the first row.

I would be delighted to respond to questions.

Senator GARN. Thank you very much.

FISCAL YEAR 1982 BUDGET REQUEST

Page 1 of your budget justification gives the impression that your fiscal year 1982 budget was for $32,983,000 and the Congress then reduced it by $1.3 million. Unfortunately, you are referring to your March request budget level. What I would like to do—and no one is normally more critical of Congress than I, so I look for things which will give us some credit—is set the record straight, because your fiscal year 1982 request, as amended in September, was $29,025,000 and Congress increased that amount by approximately $2.6 million.

I hope you will take a little more care in your presentation in the future.

OMB BUDGET REDUCTIONS

In your December 11, 1981, letter to Director Stockman, you note the reductions OMB is proposing in your budget are far outweighed by the safety benefits which would occur by providing higher spending levels for the agency. Could you briefly describe those safety benefits that you referred to in this letter?

Ms. STEORTS. Yes. As we state in the letter to Director David Stockman, safety benefits would be missed if we were not able to conduct as many on-site injury investigations, which is of concern to us. We will not be able to collect the detailed accident data from the poison control centers. We will not be able to do in-depth investigations of injuries and laboratory investigations to identify workshop power tools. We will not be able to study a number of potential hazardous textile finishes, such as flame retardants. And we will not be able to respond as effectively to the freedom of information requests. Those are just a few of the examples I mentioned in that letter.

Senator GARN. I would like to note at this point that the subcommittee has received a copy of Commissioner Zagoria's statement, as well as the letter from Commissioner Steorts, on the fiscal year 1983 budget request. If there is no objection, I will place these items in the record at this point.

[The statement and letter follow:]

Statement of Commissioner Sam Zagoria

I am signing this budget request with reluctance, since I believe the agency needs every dollar of the $35,000,000 authorized by the Congress last year. As Chairman Steorts wrote the Office of Management and Budget last December 11 on behalf of the Commission*, the lesser amount means fewer on-site injury investigations, reduced testing of flame retardant cellulose materials, less accident data from poison control centers and numerous other cutbacks in the Commission's ability to protect the health and safety of consumers. Whether one serves as a Commissioner, technician, analyst, investigator or compliance officer, the continued curtailment of resources pushes us all to look for the cheap way rather than the best way. For example, closing the file on a recall when most of the hazardous product is still in use may be good for the budget but fatal to innocent children.

Letter From Nancy Harvey Steorts

December 11, 1981

Honorable David A. Stockman
Director
Office of Management and Budget
Old Executive Office Building
Washington, D. C. 20503

Dear Mr. Stockman:

On behalf of the Consumer Product Safety Commission, I am appealing OMB's 1983 budget mark for the agency of $32,983,000.

We support the President's program of restraint in federal spending. In 1981, the Commission's appropriation was $42,140,000. Our original 1982 Budget Request of $44,559,000 was revised at the direction of OMB down to a $32,983,000 spending level. This lower figure is a 26 percent reduction from our original request.

The Commission is functioning efficiently in 1982 at a much reduced level of resources. We cannot accomplish all the work we had planned, but we are meeting our statutory mandate to protect the American public from the hazards presented by consumer products.

We have been able to absorb the budget reduction by taking steps to ensure that our diminished resources are used in the most effective way possible. We are concentrating our efforts on short-term projects which have the greatest apparent potential to reduce injuries immediately. We are pursuing voluntary standards efforts and other cooperative efforts with industry with renewed vigor.

In addition to the shifts in progammatic emphasis, we have instituted a number of management changes to streamline agency operations and reduce operating costs. Specifically, we have:

1. Restructured our field office organization from a ten region/three district structure to a five region organization.

2. Abolished the Directorate for Field Operations. This change has reduced the number of headquarters management positions and increased the number of field positions which have direct contact with consumers, business and industry, and state and local governments.

3. Abolished the Directorate for Communications. The Directorate has been replaced with a smaller outreach coordination staff which will develop information and education programs for implementation by the field.

4. Conducted a reduction-in-force well in advance of our originally scheduled date. This action saved $420,000.

5. Consolidated most of our headquarters staff in one building with a resulting savings in 1982 of $523,000.

6. Initiated a program to co-locate many of our resident post investigators with other federal agencies. This step has already saved $19,000.

7. Reduced many operating expenses such as subscriptions ($100,000 savings) and printing ($200,000 reduction).

In summary, we are reducing costs and streamlining management whenever possible and concentrating our efforts on priority work to generate the maximum product safety impact at a reduced spending level. We are meeting the challenge of providing worthwhile consumer protection efforts while at the same time supporting the President's policy of fiscal restraint.

Our 1983 Budget Request was submitted with an agency request level of $34,974,000 and 675 workyears and a minimum request level of $32,983,000 and 636 workyears.

Below the agency request level of $34,974,000, the Commission will again have to concentrate on short-term projects. With the 1982 budget reduction, the Commission is concerned that funds for the agency's long-term agenda have fallen below the level needed to ensure the public's safety during the mid to late 1980's. Any reduction from our agency request level for 1983 would further hinder our capability to anticipate product hazards.

Our 1983 Budget Request clearly describes the projects which cannot be accomplished at the minimum request level of $32,983,000. For example, at the minimum level, we will not be able to :

1. Conduct as many on-site injury investigations. These investigations are considered a vital component in analyzing the role of consumer products in accidents.

2. Test a number of flame retardant and non-flame retardant plastic and cellulose materials used in consumer products. Inhalation of toxic fumes may cause over half the fire deaths in the United States. We estimate there are 7,800 fatalities each year related to fire.

3. Collect detailed accident data from poison control centers to determine the extent to which dual purpose closures are involved in child poisoning incidents.

4. Develop recommendations to revise voluntary standards to reduce the role of electrical grounding systems in causing shock injuries and electrocutions. We estimate that consumer products subject to CPSC jurisdiction are involved in half of the 1,200 deaths that occur each year from electric shock.

5. Conduct in-depth investigations of injuries and laboratory evaluations to identify workshop power tools which present the highest risk of injury and death to consumers. In FY 1980, there were more than 250,000 injuries associated with these products.

6. Evaluate the effectiveness of voluntary standards for reducing child mouth burn injuries and fires associated with extension cords.

7. Study a number of potentially hazardous textile finishes such as flame retardants. Some of these finishes may present a carcinogenicity problem.

8. Respond as effectively to Freedom of Information requests and requests for information from the National Injury Information Clearinghouse.

These examples highlight the important work which the Commission will be unable to accomplish with a 1983 budget of $32,983,000. The Commission believes it is essential to have a $34,974,000 funding level in 1983 in order to maintain effective product safety initiatives and to enable the agency to replenish its longer term safety agenda.

We will continue the tight management which is enabling us to provide cost-effective consumer protection in 1982. We will continue to support the President's economic initiatives. However, we believe the minimal savings that would be achieved by holding the Commission to a $32,983,000 budget level in 1933 are far outweighed by the safety benefits which would occur by providing a higher spending level for the agency.

On behalf of the Commission, I strongly urge your favorable consideration of this appeal.

Sincerely,

/s/

Nancy Harvey Steorts
Chairman

Senator GARN. I notice that the Commissioner feels in some cases, because of budget reductions, the Commission won't be able to follow up on its recall campaigns to make sure all hazardous products are removed from use. Do you have any examples where the Commission will be forced to close its files on such recalls in fiscal year 1982?

SECTION 15

Ms. STEORTS. The section 15 recall activity, Mr. Chairman, is a Commission priority. However, if it looks as though we have done as much as we reasonably can do with a particular recall effort, then we would close the section 15 file on it. If necessary, however, files will be reopened. We just reopened a file, as a matter of fact, concerning Creative Playthings, a piece of gym equipment, and had a press conference on this matter just yesterday. There had been another death in California, and we felt it was extremely important that we reopen that file.

So we will prioritize these recalls and we will focus on the ones that present the greatest hazard to consumers.

Senator GARN. What I would like to do is ask Commissioner Zagoria to respond since he has raised these concerns.

Sam. I guess I should be more formal, Commissioner. But Sam and I knew each other before he became a Commissioner. Forgive me.

Mr. ZAGORIA. I enjoy that. Thank you.

Senator GARN. Would you like to respond further to your views on the fiscal year 1983 budget request?

Mr. ZAGORIA. Yes.

ITEMS LOST WITH REDUCED BUDGET

I think what I was trying to do in my brief comment to the subcommittee was to indicate that I felt very strongly, as I know does Commissioner Edith Barksdale Sloan, that we should be here seeking the full $35 million that was in our authorization bill instead of a lesser amount. The items that Chairman Steorts outlined that are lost when you go down from $35 million to $33-plus million are some of the things, but there really is also a more subtle kind of thing that could go over an entire agency. People who are involved in recalls have whole piles of matters to deal with. So, when there are insufficient numbers of people, we find it takes longer to get an in-depth investigation report back. If an agency lacks resources, the temptation is to close the file rather than to go forward and pursue with the company a second effort to recapture possibly hazardous materials.

The session that Chairman Steorts referred to yesterday is really a very good example. In that case, there was a toy, a piece of play equipment really, called a gym house, made by a company called Creative Playthings of New Jersey. The gym house is a substantial item retailing for about $29 to $50. People tend to keep it in their basement or attic to use for the next child, or perhaps for a grandchild. There had been two deaths associated with this item. The company ran a recall which, in my judgment, was grossly inadequate. The staff recommended we consider the advisability of closing the file, at the request of the com-

pany. Commissioner Sloan and I voted against it, but the other Commissioners voted otherwise and the file was closed. About a month later we received notice from Oroville, Calif., that a 2-year-old boy in a day-care center had had an accident almost identical to those which resulted in the first two fatalities. When we checked, we found the operators of the center had never received word of the recall. In fact, we found most of the day-care centers in the State of California did not receive word of the recall because the mailing that was attempted did not have the benefit of names and addresses of those day-care centers that are housed in private houses as opposed to those in public buildings.

That death might have been avoided if we had had sufficient numbers of people both in our Washington headquarters in compliance and enforcement and in the regional offices to carry out investigations, or if the word had gotten out to this day-care center, I have little doubt. The manufacturer had been quite generous and hadn't asked for any evidence that someone had purchased this product. The company merely said, "Write in or call in and we will send you a new set of steps with sufficient opening between the rungs so a small child wouldn't strangle."

So, a terrible thing happened for a lack of money. We find ourselves constantly overwhelmed with a great deal of work to be done, and the tendency, a very human one, is, "Well, let's close the file; let's not pursue another round of recall."

In this case there are some 200,000 of these gym houses scattered all over the country. I have had a few personal experiences where people have asked me about it. Sure enough, when they check they find they are saving one for when their daughter gets married and has a baby, and they find the steps are too close, which means they had nonconforming products, and the potential for a fatal accident, not merely a scratch or bruise, but a fatal accident, is there.

So that is what I mean in my reference to recalls and in my plea for the full amount that was in our authorization bill, the $35 million.

Senator GARN. You believe that once you have identified a hazard that it is serious enough to trigger a recall, the Commission should consider it a high priority to assure these products are removed from use?

Mr. ZAGORIA. Absolutely.

RECALL DIFFICULTIES

Senator GARN. How do you do that? I am going to give you a specific example. I am still getting recall notices on a car I have not owned for 7 years—I don't know who owns the car now.

As a father with little children, I am trying to determine where you go with recalls and how you try to get to the point you are satisfied that products are removed from use? Where do you start drawing the line when it becomes impossible to withdraw any more products from use, and how much money do you spend before you get to that point?

Mr. ZAGORIA. Those are all very important considerations, Senator. The worst part of the problem is that there are some people who never

get word that a product is on recall. They continue to go on using the product or saving it for someone else to use, never having got the information. Up to now, we have had a number of recalls in which, in effect, the manufacturer has said, "Well, I put out a press release on it, or I notified the retail stores that I dealt with, or the distributors." But what happens is that very often a newspaper editor decides that the press release, in the competition for scarce space, is not that critical and he tosses it in the basket.

I don't believe the manufacturer can shift his responsibility for making good on a faulty product to the vagaries of the members of the fourth estate. I am sure they are public spirited. I used to be part of it myself. But nonetheless, they have the limited amount of space to work with and many times they are not going to use recalls.

So what we are left with is, how does the manufacturer really make sure he contacts people who have purchased his product? Now some companies come in and they have a recall program that they propose to us that is like gangbusters, that has everything. They will run display ads in newspapers. They will write to everyone who ever sent in a warranty card or bought a piece of repair equipment to work on that particular appliance, product, whatever it might be. They will buy direct-mail lists for people in that affected age group who are likely to be using that product. And they come back with recall rates that run 90, 93 percent. We rarely get 100 percent—this I readily admit. But we have had a number that are up in the nineties.

Now, unfortunately, there are other manufacturers who think that once they put out their press release they have done it. And that, I don't think, is an adequate effort at a recall.

What it takes in order to go above that level is a diligent staff, effective leadership that says this standard is just not good enough, you have got to do more. And you may have to do it more than once in order to get the goods back.

Senator GARN. I don't disagree with you. I certainly would not consider a press release adequate. My point is, there must be some point in between that would be reasonable.

Senator Specter.

Senator SPECTER. Thank you, Mr. Chairman, just a question or two.

COMMISSION JURISDICTION

Chairman Steorts, in reviewing your testimony and observing, for example, on page 8 of your testimony where you say, "The complaint alleges that the firms knew of the potential hazard and failed to take action to protect the public or notify the Commission of the problem," the standard of proof that you appear to be following is very close to that which is in controversy in the Federal Trade Commission. I know there may be an overlap in some of the work you do on product safety with some of the work which might come within the jurisdiction of the Federal Trade Commission.

MERITS OF CONSOLIDATION WITH FTC

One of the things that I have observed in the short time here in the Senate is the numerous agencies which we have, and the question arises in my mind as to whether it might make sense to consolidate the functions of your Commission with that of the Federal Trade Commission.

Ms. STEORTS. Well, I know that question has been considered by the Congress before. Frankly, the benefit I think that you see now with the Consumer Product Safety Commission as an independent agency separate from the FTC is that we have the responsibility over consumer products. We are supposed to keep safe products in the marketplace and to remove the unsafe products from the marketplace—that is our focus. If we were to be combined with the FTC, I am not sure our focus would be as clear as it is right now. And I think we would be better off to remain a small, viable agency with a small budget, than to be combined with another agency.

Senator SPECTER. The FTC is currently looking at a very similar standard on their analysis of whether there is an intent to defraud. A fair amount of concern at the moment is whether the FTC ought to be cut back. And the concerns which come before your agency are really identical; they overlap. There is an intent to defraud. What jurisdiction do you have which the FTC can not reach through its regulatory powers?

Ms. STEORTS. Catherine, do you want to take that.

Ms. COOK. Over safety, Senator. We can address safety matters in which a manufacturer, through no fault of his own, made a product that could end up hurting the consumer. That is something over which the FTC would have no jurisdiction. A recall, such as the one that you heard about today from the Chairman and from Commissioner Zagoria, involves a matter in which no one has ever alleged that the manufacturer knowingly ever did anything wrong. A mistake was made. The product was out there hurting people. Without our agency, there would not be any Federal agency that could address that problem.

ISSUE OF FAULT IN RECALLS

Senator SPECTER. What is the level of proof which your agency must establish in order to have a recall? Must you prove negligence?

Ms. COOK. No.

Senator SPECTER. You must simply show it was unsafe?

Ms. COOK. That is right.

Senator SPECTER. And there is no issue of fault at all?

Ms. COOK. That is correct. The only time fault would come up as an issue would be if a manufacturer, distributor, or retailer knew the product was faulty and did not tell us. That is a separate kind of issue. That is a situation in which we could assess a civil penalty. But fault has nothing to do with whether there should be or should not be a recall.

Senator SPECTER. If the manufacturer knew the product was faulty, that would be a matter of intent. That would come within the FTC's jurisdiction.

Ms. COOK. That is true, and to that extent there would be an overlap. The Federal Trade Commission could issue a cease-and-desist order.

We could assess civil penalties. The Federal Trade Commission would not have the same recall authority in that situation that this agency has.

Senator SPECTER. To what extent has the issue of product safety been helped by a relaxation of the civil remedy for breach of warranty for product liability? During the past two decades, there has been a marked change in the law and in product liability. In your judgment, has this change had a significant effect on product safety?

Ms. COOK. Not in our agency. A former assistant to a former chairman left the agency and went to Harvard and did a study to assess products liability impact and the actions of the Consumer Product Safety Commission in its recalls on products liability matters and breach of warranty matters, about which you are inquiring, and did not find a significant relationship. Now there may be one, but I cannot answer your question. I do not know the answer to the question.

Senator SPECTER. Would there be any utility in further liberalizing the product liability law as an aid to the safety factor?

Ms. COOK. Depending on whom you are speaking to, I suppose there would be. It depends what direction you are going.

Senator SPECTER. Well, one of the big concerns about the whole regulatory process and how much the Government can do, how much it can touch, if you leave a part of the remedial procedure in the hands of private citizens, then there is a way that the matter can be regulated through the private sector. A tort action for injuries is not as desirable as a recall procedure because that action follows after an injury has occurred. But if there are procedures which give an injured party substantial damages, maybe you might have double damages and triple damages, as you do in antitrust, or you might change the burden of proof. There are a variety of things you can change to recover damages, and that might have an effect the next time around on the manufacturer. That is an aspect that might be explored for your agency. It would not serve the same purpose as recall, but it could have a long-term therapeutic value if those actions could be encouraged.

Ms. COOK. It could be an important adjunct, yes, sir.

Senator SPECTER. Thank you very much, Mr. Chairman.

Senator GARN. Thank you, Senator.

I would like to have Commissioner Statler come up and take a seat at the table.

COMMISSION PRIORITIES

In a recent letter to the subcommittee, Commissioner, you raised several issues concerning the Commission's priority-setting procedures. In particular, you suggested the Commission could have a greater impact on product safety if it focused its resources on a few high-priority areas. Could you expand on how CPSC could improve its priority-setting process? I would also appreciate your submitting the letter to the committee for inclusion in the record.

Mr. STATLER. Yes, sir.

[The letter follows:]

Letter From Commissioner Stuart M. Statler

March 1, 1982

The Honorable Jake Garn
Chairman
Subcommittee on HUD-Independent
Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

BY HAND

Dear Mr. Chairman:

In signing the February 1982 budget request of the Consumer Product Safety Commission for FY '83, I indicated that I would submit a separate statement. This letter will address my concerns regarding that submission. In addition, through my involvement in past budget preparations during my tenure as Commissioner and Acting Chairman, I have grown increasingly dismayed by our overall budget process. I will address those concerns as well.

First, an underlying problem with our budgetary deliberations involves the methods used by the Commission to determine its fiscal needs. Despite some improvement in recent years, the Commission invariably scatters rather than focuses its scarce resources. While sharing my colleagues' commitment to a balanced program to address an array of product hazards, I believe we err on the side of trying to do too much. Striving to do a little bit of everything -- a "shotgun" technique -- in my view does not equate with a balanced approach. The extreme fiscal constraints we are now operating under necessitate doing little to nothing in certain risk areas if we are to faithfully carry out the programs we determine to be our "priorities." Yet this concept was barely considered -- if at all -- in the preparation and review of our FY 83 budget submission. Indeed, our FY 1982 priorities were only very recently set.1/

Although certain idiosyncrasies in our budget preparations make it difficult to make precise year-to-year comparisons, certain trends are disturbing. These figures confirm a continued misdirection of resources. In FY 81, only 41% of hazard program expenditures went to FY 1981 priority projects. For the current fiscal year, the anticipated picture is not significantly improved: less than 45% of total FY 82 hazard program monies will be spent on priority projects. Only two of our six established program areas will be devoting more than 50% of their respective share of agency resources to these priority projects. Spending such a small proportion of total hazard monies on critical targets is, in my view, misdirected spending. The figure

1/ I dissented from the FY 1982 priority listing as I believe too many projects are included. With extremely limited funding, this agency must focus its resources and energies on a small, very select number of projects.

should be closer to 80% or even 90%. Small wonder that key projects like lawn mowers take 7 years to complete; or chain saws 5 years and still going.

Lack of focus on priorities means that the "shotgun" mentality is pervasive. Despite a shrinking budget, the number of projects undertaken by the Commission has not declined appreciably. It is all too evident that, with drastically diminished resources, we must focus our energies on the most serious hazards (be they immediate or long-range safety problems). We must deal with them now, and leave other hazards that constitute less severe risks to be dealt with another day.

The Commission's inability or unwillingness to discipline itself to concentrate resources on priority projects stems in part from how we approach the budget process. We tend to address the budget in a backwards manner. Commissioners review line items, rather than first determining where priorities lie, for a short-term and a long-term agenda. A "big" picture is not in focus, is not planned; in fact, it's almost impossible to see anything resembling it when you're left to deal only with the pieces. People and programs for a budget should be shaped to fit within some semblance of a cohesive plan or strategy -- not the other way around.

The fact is that the bulk number of specialized employees on-board drives the document which allocates resources for our review. Commissioners end up marginally parceling out people and dollars, rather than first setting overall policy. This process encourages diversion of resources away from priorities (which in my two years here, have always been set after the budget document is submitted -- on occasion, as much as a year later).

Decisions continue to be too often based on individual Commissioners' personal preferences, rather than adherence to agency-wide, clearly-defined, agreed-upon priorities. At times this process tends to elevate projects from the so-called staff "wish" level to inclusion in the "minimum" budget request.

For example, in the FY 83 document, an electrical hazards project, unrelated to our priorities was deemed of relatively low importance by Commission staff, judging by its seventh place ranking (out of eight proposals) for electrical projects. Yet, during our budget deliberations, this project vaulted over higher-ranked electrical as well as other hazard projects. A substantial sum, sought by staff at the enhancement level, found its way into minimum level funding for this previously low-ranked project. Obviously, Commissioners, not staff, set policy -- and should. But such decisions should follow an agreed upon and carefully planned blueprint for the agency.

* * * *

Second and third pertain to the need to reform a specific program, the National Electronic Injury Surveillance System ("NEISS"), and an accompanying need to recon-

sider this agency's overall structure. Both have a great deal in common. At a drastically reduced level of funding, it should not be business as usual at the CPSC; yet our FY 83 budget does not reflect this fact of life. Sacred cows like NEISS remain intact. And, agency structure remains basically the same as precious little energy has been applied to rethinking how a $33 million dollar product safety agency should be different from what was a $44 million dollar agency.

Let me first address NEISS. I dissented from the Commission's recent decision which, following review of the in-house Commission Hazard Data Task Force Report, determined to continue NEISS essentially intact with its current format and level of funding. I can no longer sanction the continued commitment of large-scale Commission resources -- amounting to something on the order of $1.5 million -- for NEISS. Notwithstanding its sizeable price tag, this system does not generate useful data for a variety of product-related injuries, including poisonings, burns, fires, electrocutions and chronic hazards associated with consumer products. For all these we turn principally to other data sources. I am further unconvinced that such a broad scale NEISS-type system, producing statistically valid nationwide injury estimates, is really necessary on an ongoing basis to support our now-restricted and minimal standards development activities.

I have also dissented from the recent Commission report to the Senate Appropriations Committee, in response to the Committee's request that the CPSC consider the possibility of a periodic data collection system. The Committee suggested that data could be gathered on an intermittent basis, i.e., on a 3, 5 or 10 year cycle rather than the current procedure which tabulates data every day, year after year. I share the view of the Appropriations Committee, expressed in its Report No. 97-163 dated July 23, 1981, that less frequent collections of data would suffice; to wit:

> ...the Committee believes that the amount of data provided through NEISS and in-depth investigations is greatly in excess of the operational need of the Commission and that a much less frequent emergency room based product hazard profile is adequate....

Fervently, I had hoped that Commission analysis of the Hazard Data Task Force Report as well as the NEISS Report to the Senate Appropriations Committee would bring significant change to our information gathering process. Unfortunately, this issue was not approached with the necessary degree of objectivity. I believe instead, that there was a predetermined commitment to NEISS which precluded a comprehensive and penetrating review. Improving CPSC's data base on a cost-effective basis remains a needed fundamental step in meeting the challenge to ensure that our health and safety regulatory decisions are based upon a sound and defensible record.

On the related issue of more sweeping agency-wide change, the Commission must move beyond preliminary discussions concerning the need to review how a $33 million dollar agency should be structured. A $33 million dollar agency must operate differently than a $44 million dollar agency.

A serious effort must begin to scope out how this agency, with such restricted funding, can best fulfill its continuing mandate. To adopt, as we have, a knee-jerk approach of doing a little bit less of everything we did before, is not in the best interest of that mandate.

The effort to re-evaluate how this agency can best serve the public should focus attention on re-shaping from the top. In advocating re-assessment of the independent status bestowed upon many regulatory bodies, I have suggested that the goal of this agency -- protecting the health and safety of consumers -- would be best served by a single administrator structure. Such a change, liberating funds for programmatic activities, would generate a new spirit at the agency. Having already undergone a turbulent reauthorization battle, severe budget slashes, and a widespread, debilitating reduction-in-force, the agency could renew its mission with a new vigor by virtue of such an altered structure.

Such a change would allow for recharged energies and aggressive leadership. Finding a comfortable home within a larger agency structure whose mission is compatible with that of consumer product safety -- perhaps merger with the FDA and NHTSA, consolidation with the FTC, or inclusion within the Department of Health and Human Services on a par with FDA -- would end the omnipresent threat of abolition which haunts this agency and diverts needed energies away from our statutory purposes. Attention could be directed to the tasks at hand, not to treading water to stay alive merely to perpetuate some time-worn myth as to the importance of independent status.

Far more critical is for the function -- not the structure -- to be viable, to be sufficiently-funded, to attract the highest degree of professional talent, and in the end, to be effectively carried out. The function is paramount -- structure merely adds or detracts from the function being well-performed. All things considered, and for reasons I have detailed at length on other occasions, I continue to believe that the current five-member collegial structure of the agency needlessly consumes sparse resources, delays critical decisionmaking, diverts us from priority concerns, and overall detracts from the efficient carrying out of this agency's mandate. It should be replaced with single-headed leadership.

However, as long as group decisionmaking continues, I shall seek change from within at every opportunity -- from our periodic reviews of the operating plan to less formal settings -- to address the dual matters of priorities and information systems which are in dire need of reform.

In closing, I appreciate the opportunity to have discussed these important issues with you. I would, of course, be pleased to meet with you or a member of your staff to discuss these matters in greater detail.

Sincerely,

Stuart M. Statler
Commissioner

SETTING PRIORITIES

Mr. STATLER. Priorities in an agency such as ours are best set far in advance of determining how individual line items of money are going to flow. Yet, our 1982 budget, the one we are now into, was submitted 18 months ago. The 1982 fiscal year is 5 months old, and as of today, we still have not voted officially as to what our priorities are for 1982. That is to say, there is a ballot vote meant to certify a decision the Commissioners made 2 or 3 months ago, but it still has not been finalized. So we are 5 months into the fiscal year with a budget you know we are operating under, and we have yet to finalize our priorities. There is something woefully wrong with this situation.

Concerning our 1983 budget, if we rely on past procedures, we won't set our fiscal year 1983 priorities until September or October of calendar year 1982. And yet you look at the budget items and it indicates certain kinds of expenditures which are going to take place. We have established these expenditures without deciding first what our priorities will be. I think that is wrong.

Senator GARN. You also concluded in your letter that in the past, less than 50 percent of the agency's resources have been devoted to its high-priority areas. How much do you believe should be devoted to those high-priority areas?

Mr. STATLER. As the Chairman indicated, we have 16 priorities, of which 10 are product priorities. According to the current figures, some 45 percent of our hazard program moneys is likely to go to these 10 product or hazard priorities we will establish for this year. Presumably, these priorities will follow through to next year. Last year we spent 41 percent of our hazard moneys on priority projects.

To me, priorities should mean exactly what the word says; that is, you spend your money, you commit your resources, you put your personnel on the very most important items before the Commission. We can't be everything to everybody. We would like to save as many lives as possible. But that is what priorities are all about.

So to specifically respond to your question, in my view, we should be spending anywhere from 80 to 90 percent of our hazard moneys on our priority items.

Senator GARN. Madam Chairman, due to lack of information on the Commission's priorities, I would find it difficult to recommend a specific funding level for the Commission. I would like you to submit a firm list of your 10 top priorities and the percent of your total resources associated with each priority by the May 17, 1982. I would also suggest that you develop a plan which devotes at least 60 percent of the Commission's resources to those priorities that you identify.

Ms. STEORTS. We will do that.

Commissioner Pittle has asked if he could make a comment.

Senator GARN. Yes; certainly.

Mr. PITTLE. I had submitted a letter to the committee addressing some of the same points.

Senator GARN. That is why I was going to ask you to respond to my concerns.

MATTER OF FORM OVER SUBSTANCE

Mr. PITTLE. As to the point about our not setting priorities in advance or not having finally voted on priorities, from my perspective, I think that issue is one of form over substance. We allocate our resources based on what we consider to be the most important projects from information our staff provides about products that are associated with deaths and injuries, and we fully fund those projects. Then, in order to give guidance to our staff from a managerial point of view as to the projects we consider the most important of all the important ones, we attach a word to it to tell our staff when there is a long line in front of the Xerox machine, "These people get to go to the front of the line, and we will not accept any excuses about slip dates on your work schedule." That word is "priority."

But I would submit to you that, if we were to allocate 80 or 90 percent of our resources to the things called priorities, or even allocate 100 percent of resources to the priority projects, then nothing has priority any longer because everything goes by the same name.

We establish priorities by taking the projects that present the most serious hazards that a majority of us believe ought to be addressed, both in terms of severity and frequency, and give those projects first billing and first funding. As far as I am concerned, there are no priorities that we are working on for which our staff is wanting in terms of resources. Everything that we consider to be a priority project, our staff has the resources to do.

I want to underscore that because I could simply name everything a priority project and that doesn't give our staff one iota of guidance. We do focus our efforts so we don't have a lot of different projects, as we did when the agency started. Then, everything looked important enough to have some activity ongoing. Now we focus on a smaller number of projects where we can hope to accomplish something over a year's time. And, it is my belief we have come a long way in focusing on making progress on projects that a majority of the Commissioners consider important.

Senator GARN. You mentioned in your letter that either doubling or tripling of dollars spent on some of the high-priority items, like chain saws and lawn mowers, would not have resulted in any significant speeding up of the process. Do you believe that this observation is generally true; that is, that additional funds would not reduce the amount of time necessary to bring CPSC's high-priority projects to a satisfactory conclusion?

Mr. PITTLE. Absolutely. I agree with that. If I had more funds, I would work on more projects that are associated with death and injury that I presently don't have the funds to work on. But when it comes to chain saws and lawn mowers and upholstered furniture and other things the Commissioners believe are at the top of the list of importance, I have asked the staff in every public meeting, "Can you make any more progress by having more people and dollars?" And the staff says, "This is as much progress as we can make over the next 6 months to a year," each time that question is asked. So, I don't believe throwing money at it is going to make it better; it just uses more money.

Senator GARN. You also include in your letter an attachment showing the structure of the Commission. Rather than go into that detail at this time, I would like to include your letter and the attachment as a part of the record.

[The letter follows:]

LETTER FROM COMMISSIONER R. DAVID PITTLE, PH.D

March 10, 1982

RECEIVED MAR 1 1 1982

The Honorable Jake Garn
Chairman
Subcommittee on HUD-Independent
Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

My colleague, Stuart Statler, has transmitted to you a letter containing a number of comments about the state of the Consumer Product Safety Commission. Although I respect my colleague's interest and thoughtfulness, I disagree strongly with many of the points he makes. Accordingly, I have set forth my own thoughts in this letter so that you may have the opportunity to compare at least two perspectives on the issues that currently confront the CPSC.

Priorities: Commissioner Statler insists that the Commission has taken a "shotgun" approach to regulation. That is, he believes that the agency has far too many projects for its limited resources. As far as he is concerned, roughly 80 percent to 90 percent of agency spending should be on CPSC "priority" projects. In his opinion, the agency's failure to focus has resulted in key projects like lawn mowers taking seven years to complete, or chain saws five years and still going.

While I -- and I am sure, all of my colleagues -- agree that during times of exceedingly limited resources, the CPSC must focus its efforts on the most important projects, I do not agree that the CPSC has been derelict in doing so. To the contrary, I believe that the agency has focused its efforts on completing short-term, immediate "payoff" projects to such an extent that it may well have jeopardized the vitality of some long-term, extremely productive projects.

Commissioner Statler's assertion that the CPSC should spend roughly 80 percent to 90 percent of its dollars on items designated by the Commission as "priority" projects rests on an assumption that I believe to be erroneous. That is, implicit in his charge is the notion that spending more money automatically yields faster or better results. In the case of the specific projects he cites -- chain saws and lawn mowers -- that is simply untrue.

Without rehashing the many factors that have entered into the length of regulatory proceedings, I would say that the primary reasons for causing the lawn mower and chain saw matters to spill from one year to the next have been: (a) the multitude of procedural hurdles built into the Consumer Product Safety Act, (b) the necessity for both industry and CPSC to work at the frontiers of technology to develop improved safety "fixes," and (c) the unwillingness of some members of industry to cooperate with each other and with the CPSC to develop new safety guidelines.

The doubling or tripling of dollars spent in these proceedings would not have resulted in any significant speeding up of the process. On several occasions, most recently March 4 of this year, I have asked CPSC staff on the chain saw project at a

public meeting if they needed more dollars or people to expedite their rule development. Each time they have assured me that they did not. Unfortunately, what they need is greater cooperation on the part of the chain saw industry.

As for the notion that a specific percentage of agency resources -- like 80 percent or 90 percent -- should be spent on priority projects, I can see no justification for it. A far more rational approach is to fund fully CPSC's priority projects--and this we do. Some priority projects, like chain saws, consume large quantities of dollars and staff time. Other priority projects, like electric blankets (suggested by Commissioner Statler) require few dollars and little staff time. The fact is that we allocate resources for priority projects to obtain maximum achievement in the shortest time.

Projects should be chosen for priority status according to whether they show the greatest likelihood for reducing death or injury for each dollar spent. They should not be chosen according to which are the costliest.

As stated before, I agree that it is important for an agency as small as the CPSC to focus its efforts on important high-priority projects. Under the guidance of the Congress and with the insistence of the Commissioners, acting in a collegial manner, the agency has done just that. It is unfair to suggest that we have not done so.

NEISS: Commissioner Statler also charges that the Commission continues to spend large scale Commission resources -- approximately "$1.5 million" -- on a "sacret cow" like the National Electronic Injury Surveillance System (NEISS) without useful results. According to him, NEISS expenditures may have made sense had the agency's budget remained at $44 million but they no longer make sense at $33 million. He claims to share the view of the Senate Appropriations Committee that NEISS data should be gathered on an intermittent basis, i.e., on a 3, 5, or 10 year cycle rather than the current procedure of "every day, year after year."

In making his point, Commissioner Statler notes quite accurately that a majority of the members of the Commission do not share his views on NEISS. Most of us believe that NEISS is an exceedingly useful, cost-effective injury data gathering mechanism.

To respond properly to Commissioner Statler, I must make several points about NEISS.

First, Commissioner Statler overstates the cost of NEISS by several hundred thousand dollars. The recent CPSC task force report set the annual cost of NEISS at $1.39 million from which must be subtracted reimbursements from interagency agreements (IAG) the following amounts: $260,000 - NIOSH; $57,000 - EPA; $50,000 - NHTSA (reimbursement for past work); $15,000 - FDA. Other IAG's are under consideration and may well reduce the costs of NEISS even further.

My colleague's charge that the agency must adapt NEISS to a $33 million budget rather than to a $44 million budget implies, incorrectly in my view, that NEISS has not been trimmed to reflect new budget realities. In fact, as CPSC budget figures have dropped, so have NEISS expenditures. When the CPSC was first established, NEISS consumed roughly 12 percent of the agency's budget. Currently, at the reduced $33 million budget level, NEISS takes only about 3 percent of the agency's budget.

Second, as important as the budget figures are, an additional point must be made about injury data collection. Whether it be

NEISS, or some variation of NEISS, if the CPSC is to collect statistically valid national injury estimates -- and, in my view, it must -- the agency unavoidably must spend a significant number of dollars to acquire such data. Task force after task force, both from within and outside the CPSC, have studied NEISS with a view towards developing alternatives to it. Although a number of alternative (or complementary) systems have been suggested -- including physician office surveys, consumer complaint letters, annual injury surveys, and injury data from retailers, insurance companies or trial lawyers -- no system has shown itself to be as cost-effective as NEISS in generating meaningful, credible injury data.

I do not share Commissioner Statler's conclusion that the Senate Appropriations Committee expressed a view that the CPSC should move to less frequent data collection than it currently does. As I read the Committee's language, it directed the agency to study whether intermittent collection would enable the agency to do its job adequately at less cost. The agency's response -- which my colleague rejects -- indicates fairly clearly that intermittent reporting would not save significant amounts of money but would wreak havoc with the quality of data collected. My colleague's assertion, without documentation, that the CPSC study was conducted "without a necessary degree of objectivity" is unfair to the staff who conducted it, and less-than-objective itself.

I challenge my colleague or any observer of the CPSC to cite any area of CPSC activity that has been studied or analyzed more than NEISS. From the time the CPSC was first established to the present time, one after another study and investigation has been conducted of NEISS. Thus far, no one has come up with a more cost-effective system. The day that someone does, I shall be the first to embrace it.

In the meantime, NEISS has provided the agency again and again with the basic information it needs to know in order to regulate or, as important, to know not to regulate. No court has ever questioned the reliability of NEISS data and a number of regulations have clearly been upheld on the strength of such data. It would be a travesty to eliminate this useful system without substituting something better for it.

Structure: Rather than repeat previous responses to Commissioner Statler's argument that CPSC structure should be changed, I have attached an article I wrote on the issue during the recent CPSC reauthorization hearings.

I would note, in passing, that my colleague was unable to convince a majority of the members of Congress that agencies like the CPSC, FTC, and SEC ought to be led by single administrators. I see no new enthusiasm for such a dramatic shift in governmental policy in the future.

Sincerely,

R. David Pittle

R. David Pittle, Ph.D.
Commissioner

Attachment

ARTICLE BY COMMISSIONER R. DAVID PITTLE, PH.D

Since the 19th Century, independent, collegial Federal agencies have played a vital role in the development of American commerce. The SEC has given us an honest stock market. The FCC has provided uncluttered airwaves with access for all points of view. The FTC has busted trusts and unfair trade practices. The Consumer Product Safety Commission (CPSC) has attacked unsafe products.

Recently, a long-standing debate has flared up. Certain critics would dramatically alter these agencies by abolishing collegiality and placing all policymaking authority in the hands of one person. My fellow CPSC Commissioner, Stuart Statler, recently branded collegiality "probably the single greatest impediment to effective agency performance."

However, independent, collegial bodies remain popular. Last year, a Senate Committee rejected a recommendation to convert the Nuclear Regulatory Commission (NRC) from an independent, collegial body to an administrator-run agency:

> [Collegiality] has been used, in various circumstances by Congress for more than 90 years. It is not, however, a musty historical concept. Within the past 10 years, in four different areas of regulation, Congress has seen fit to either establish or continue independent commissions. Thus, Congressional commitment to this form retains modern day vitality. . . .

Why does Congress like independent, collegial bodies?

• Thoughtful Decisions: A fundamental premise of a free society is that policy ideas should compete for approval. A collegial system where members with a variety of backgrounds and perspective — but of equal policy-making stature — debate issues is far more likely to air all sides of an issue and reach thoughtful decisions than a single-administrator agency.

Commissioner Statler's rebuttal: diverse opinion and input could be achieved "by an able administrator who selects dynamic advisors." But, what about the tyrannical administrator we've all experienced at one time or another? In a collegial setting, one must hear differing views; in a single-administrator setting one may hear only "Yes, boss! "

• Independence: Almost all Federal collegial regulatory agencies are "independent." That is, their decisions are not subject to direct control by other branches of government prior to the time they are made. Because indepen-

dent agencies are insulated from outside pressures, they tend to make decisions more on the merits than the politics of issues. The abolition of CPSC collegiality would mean the end of independence since Congress has never created an independent single-administrator agency.

• Greater Objectivity: When staff members slant reports or recommendations to comport with views of superiors, serious problems arise. Collegial bodies usually avoid "slanted" staff reports because documents favoring one Commissioner's views are likely to be challenged by a Commissioner with an opposing view. Under a single administrator, this may not be so—why explore an option, however promising, that the agency head won't buy?

• Stability: A collegial body whose members serve staggered terms provides policy stability and predictability. In my experience, new members learn from old members (and vice-versa).

However, ignoring the old maxim, "If it ain't broke, don't fix it," critics like Commissioner Statler have raised again the following charges:

1) Group Management: In 1971, the Ash Council insisted that "Commissions of five, seven, or eleven nearly coequal members cannot, on the whole, satisfactorily perform the management functions necessary for effective regulation." My colleague repeats that charge.

I agree. How could any organization get work done if the top honchos spent their time voting whether to buy white or pink toilet paper? However, no Federal regulatory agency functions this way.

The prestigious Administrative Conference of the United States called the Ash Council conclusions "simplistic" and "unsupported by empirical data." Professor Kenneth Culp Davis, an expert on American administrative law, commented that the Council adopted its views "without analysis of facts or experience."

The fundamental flaw in the Council's reasoning is the assertion that collegial agencies operate by "group management." According to an empirical study by Professor David M. Welborn, recent legislation and management techniques have given agency chairmen the administrative authority they need to run their agencies efficiently:

> It appears. . .that regulatory agency structure has proved to be much more flexible and adaptive than was assumed by the [Ash] Council. The tendency has been for

> the chairmanship to develop in such a way as to be capable of meeting many, if not all, of the requirements associated with effective regulatory program management. . . .

For example, at the CPSC, the Chairman, by statute, exercises "all of the executive and administrative functions of the Commission. . . ."

In short, the critics of "group management" have denounced a nonexistent problem.

2) Emergencies: Another criticism is that collegial health and safety agencies are unable to respond to emergencies.

This charge, first raised by the Kemeny Commission against the NRC, did not convince the Congress or the President to abolish NRC collegiality. Of course, emergencies of the potentially catastrophic NRC type do not arise at most agencies. Speaking as a regulator for seven years, I believe that a collegial body can act promptly. The key is thoughtful delegation of authority (something that single administrators should do as well). When emergencies occur, the CPSC relies on its enforcement staff, operating within Commission guidelines, to conduct negotiations and file lawsuits. Commissioners do not expect to manage most crises on a day-to-day basis.

Further, although I intend this as an observation and not a criticism, I doubt that single-administrator agencies have demonstrated noticeably shorter response times to emergencies than collegial agencies.

3) Cost: My colleague alleges that government wastes several hundred million dollars on collegiality. He is wrong. Admittedly, additional commissioners cost money. However, if the CPSC is any guide, these costs are minor -- less than two percent of the agency's budget. Moreover, even counting "indirect" costs, such as extra briefings or meetings, the costs are small. After all, single administrators require briefings and meetings just as collegial bodies do.

Besides, who would replace commissioners if collegiality were killed? One could see a growth in the personal staff of the administrator, then the addition of deputies and assistants with their staffs. The savings might prove negligible.

4) Quality of Regulators: My colleague also argues that talented persons will reject appointments to collegial bodies. The Administrative Conference strongly challenged this criticism:

> Prior experience suggests that the quality of personnel in federal regulatory agencies, whether headed by a single-administrator or by a collegial body, is highly variable from agency to agency and from time to time. Other factors appear to have greater influence than agency structure on personnel quality.

Collegial agencies have many outstanding members just as single-administrator agencies have duds. The problem lies not with the willingness of outstanding people to serve but with the regrettable tendency of some Presidents to use agencies, both collegial and single administrators, as "dumping grounds" for political cronies.

Given the staleness and weakness of the "anti-collegiality" case, the only explanation for its reappearance lies with Washington Irving, "[t]here is a certain relief in change, even though it be from bad to worse. . . ."

FISCAL YEAR 1983 BUDGET REQUEST

Mr. PITTLE. Mr. Chairman, may I make one other comment about something that has been discussed here this morning.

I believe that at least a majority of the Commission, if not all of us, supports requesting $35 million from this committee. We made an original request to OMB of $35 million. We got back a budget mark from OMB which says your mark this year is $33 million. So you understand that we are in a quandry. We sent a copy of that original OMB submission to this committee under section 27(k) of the CPSA, so you have what we believed then was a good budget of $35 million. When we get a budget mark back from OMB that is less, we are then locked into the tension between Congress and the executive branch about which figure we should be coming up here trying to support. There is no question in my mind that there is a good use for up to $35 million. I am in complete agreement with Commissioner Zagoria. There are State contracts that can be let to help expand our effectiveness in checking recalls and doing inspections of manufacturers who are under our rules. There are other projects that could be started that are currently not being funded because OMB has suggested our budget mark is $33 million. Please understand, it is not because we believe we need $33 million, but that is the mark we were given by OMB.

Senator GARN. I understand that. But let me make a comment in general about the budget. Obviously it is very small in terms of the total budget. This subcommittee deals with HUD and 18 independent agencies. I also serve on four other subcommittees of the Appropriations Committee. There is not a single agency that I deal with, or constituent from my State, who cannot justify an increase in their budget.

Therefore, I don't criticize you for your views. You are supposed to be here defending your agency. However, at the same time when you read nothing in the paper but about how big the deficits are and how difficult the budgetary situation is, it simply is not possible to provide

the funds that each agency would like. If we granted all requests we receive, Ronald Reagan's budget would seem very small.

I am sure you could use another $2 million. I have no doubt about that. However, we have to make some judgments, since it's not possible to lower the deficit if we increase spending for every program.

I would also go one step further. I have been around government long enough that I think when we want to we can make some adjustments and that we can get by with less. For example, the Senate Banking Committee has jurisdiction over programs dealing with the changes in the structure of the savings and loan associations, the financial community, and the housing in the country. I think that most people believe the committee staff is very capable and hard working. I am pleased with the work they do. However, the committee's operating budget is less in 1983 dollars than what was spent in the 1981 budget. We are conducting business without any problems at this funding level.

I really believe every agency of Government can do similar things if they really take a close look at operating procedures. We just have been spoiled for too long in that we let our budgets grow and have had no problem in asking and receiving.

I don't doubt you could find ways to spend $2 million. I could find ways to do it very easily on the Banking Committee. I need a staff member to do this research project and one to do another and an intern for something else, and every one of them would be justifiable. I realize you are talking about health and safety and that is different than Banking Committee matters. However, I think that you are capable of absorbing the $2 million and still do your job. But, if any of you can convince me you can't, I will listen further.

While you are a spit in the ocean when it comes to a $750 billion budget, all these pieces add up to the hundred billion dollar deficit we read about every day.

Ms. STEORTS. Mr. Chairman, I would like to make a comment. I feel we can certainly live within this budget level. Obviously, it is a reduced budget and it has been reduced since I came on board. I think if we can order our priorities and concentrate on the ones that are most important and on some of the emerging hazards that we will do a great deal for the American consumer. I would like to see the agency, frankly, work much more closely with the industry and consumers at an earlier stage. I think we can resolve a lot of these issues much faster and I think that is certainly one of the goals that I want you to know I have as chairman for the agency. But I think the budget we have now is sufficient. I think we can live within it and I think we can do a very viable job for the American consumer.

Senator GARN. Thank you very much.

COST-BENEFIT ANALYSIS

A year ago you announced that CPSC was the first Federal regulatory agency to prepare rules containing the methodology for assessing the cost and benefits of proposed regulations. What action has been taken since that time to implement this methodology?

14-067 O - 83 - 7

Ms. STEORTS. We are following this cost-benefit analysis very, very closely on all of our rules, and it is probably one of the most important things we look at, concerning what the impact will be of that particular rule, not only on the consumer but also on the industry involved.

Senator GARN. To what extent can this methodology be used to target areas which CPSC might be able to make a more significant contribution?

Ms. STEORTS. That is one of the things we look at when we are evaluating whether we are going to regulate or not.

Senator GARN. Could you provide for the record a specific example of how CPSC has applied this cost-benefit methodology to a particular consumer product?

Ms. STEORTS. Yes; we will.

[The information follows:]

Recently the Commission voted to ban the sale of urea formaldehyde foam insulation (UFFI) for residential and school insulation. The regulatory analysis that supported this action followed the procedures described in the December 30, 1980 proposal. The briefing package, including all documents that make up the regulatory analysis, is available at the CPSC Office of the Secretary.

The proposed rule spelled out specific findings under Section 9(c) that are required for the issuance or material amendment of consumer product safety standards or bans as follow:

1. The degree and nature of the risk of injury the rule is designed to eliminate or reduce.

In this finding the Commission evaluates the frequency and severity of risks of both acute and chronic injury or illness.

The Commission's Directorate for Health Sciences prepared a quantitative assessment of the chronic hazards associated with UFFI. This assessment found that UFFI in schools and residences resulted in a risk of developing cancer to those exposed. The Directorate for Epidemiology prepared a qualitative assessment of the acute hazard and found that UFFI was associated with several types of illness from formaldehyde toxicity. The Directorate for Health Sciences also conducted an extensive review of the scientific and medical literature on the acute effects of exposure to formaldehyde. These findings of a hazard were fundamental to the determination of some of the benefits to be expected from the ban.

2. The approximate number of consumer products, or types or classes, thereof, subject to such rule.

Information from this finding helps determine the extent of consumer exposure to the product being regulated and provides a basis for calculating the various costs of the rule to industry and consumers.

The Commission's Directorate for Economics reported on the number of installations of UFFI over the past few years, as well as the number of insulation contractors, and the number of resin manufacturers. An estimate was made of the percent of homes that are candidates for UFFI.

Following the guidelines of the proposal, the Commission also took into account expected changes in production and sales and discussed the availability of close substitutes. The Commission also differentiated between the installations covered by the rule from those beyond CPSC jurisdiction.

3. The need of the public for the consumer products subject to such rule, and the probable effect of such rule upon the utility, cost, or availability of such products to meet such need.

The Commission's Directorate for Economics prepared an assessment of the economic effects of the ban that estimated the costs

to affected firms and consumers. Effects on employment, competition, and changes in the market for substitutes were discussed; foregone energy savings were calculated for the stock of homes that might have been insulated with UFFI, but could not be insulated with substitute insulating material (because of narrow cavity walls). Consideration was also given to the impact on the resale value of the stock of homes that had been insulated with UFFI prior to the promulgation of the rule.

4. Any means of achieving the objective of the order while minimizing adverse effects on competition or disruption or dislocation or manufacturing or other commercial practice consistent with the public health and safety.

The heart of this finding is Commission consideration of alternatives to the rule which would still accomplish the objective of the rule but would be less disruptive to industry.

Several alternatives to a ban were considered by the Commission. These options included withdrawal of the proposed ban, adoption of a labeling rule, development of a mandatory standard, and the adoption of a voluntary standard. None of the alternatives were considered to be viable.

The Commission believes that there will be minimal disruption to the market for thermal insulation materials as a consequence of the ban, and that no further reduction in adverse health effects is feasible by other regulatory options, such as a standard or disclosure requirement for the product.

The Commission did consider the impacts on small business and prepared a final Regulatory Flexibility Analysis that concluded that although nearly all of the firms involved in the UFFI market may be classified as small businesses, and that a ban will have significant adverse economic impacts on many of them, the actions that would be expected to result in less severe impacts on these firms would not adequately protect the public.

5. The rule (including its effective date) is reasonably necessary to eliminate or reduce an unreasonable risk of injury associated with such product.

This section concerns the relationship between the anticipated injury or illness reduction from a rule and the costs of a rule.

The Commission examined the available information concerning the nature and degree of risk of injury and the potential economic impact of the ban and concluded that the benefits of the ban bear a reasonable relationship to the costs of the regulation. The details of how the Commission arrived at this conclusion can be found in the upcoming Federal Register notice announcing promulgation of the ban.

6. The promulgation of the rule is in the public interest.

Unless there are extenuating circumstances, rules where the benefits bear a reasonable relationship to the costs will generally also be in the public interest. After review of other factors

such as adequacy of voluntary standards, environmental and energy consideration, and potential for indirect effects of the ban, the Commission ruled that the ban on UFFI is in the public interest.

7. In the case of a rule declaring the product a banned hazardous product, that no feasible consumer product safety standard under the Act would adequately protect the public from the unreasonable risk of injury associated with the product.

The Commission has considered existing standards and manufacturers' specifications for the product, as well as draft standards that have been submitted to the Commission. None of the standards or specifications considered by the Commission have been shown to address adequately the release of formaldehyde from the product or the chronic and acute risk of injury associated with that release.

Thus, on a section-by-section basis, the regulatory analysis leading up to the Commission decision to ban UFFI has followed the methodology described in the Commission's proposed rules.

INDUSTRY COOPERATION

Senator GARN. With the Commission's increased emphasis on voluntary standards and greater cooperation with industry, do you expect to enter into a greater number of testing and consumer education programs on a cost-shared basis with industry?

Ms. STEORTS. Yes; we do. And, as a matter of fact, that is one of the priorities that I have as Chairman. I think we can be of great assistance to the American consumer in helping them to better understand what they need to do to buy safer products in the marketplace. We have had some very good results with the industry already in some of the new outreach efforts. We had a very successful toy safety campaign during the holiday time. We worked with Members of Congress. This was an effort that was funded by the Toy Manufacturers of America. It was reviewed very carefully by our General Counsel. We feel we reached at least one-half of the American population through this program. In March we will be focusing on Poison Prevention Week, with President Reagan kicking it off at the White House. We will be doing other projects throughout the year; most of them will be done, Mr. Chairman, with the industry. And I think this is a new thrust for the agency in information and education, and I think it will be an extremely positive one.

We are also working with the industry in voluntary programs, as well as on the development of rules. I think one of the more exciting ones that we can look at is the voluntary program we are doing with the upholstered furniture industry. That is a program where we are trying to get furniture to be more cigarette resistant. The manufacturers are really working hand in glove with us on this issue. Their technical people and our technical people are working together. We will be looking at their test results at the end of the year and evaluating the program. I would think at this point, if it goes as it is at this point, there is a good opportunity for the voluntary program without the need for a mandatory standard.

VOLUNTARY VERSUS MANDATORY STANDARDS

Senator GARN. What factors are considered in determining whether a voluntary or mandatory standard should be implemented?

Ms. STEORTS. I think again you look at the situation involved. You look at the number of injuries. You look at the way the industry is working with us to see if the voluntary program they are recommending to us is going to be one that will really remove as much unreasonable risk from the marketplace as possible and whether the voluntary program will be complied with. If the voluntary program works, there is no need for a mandatory standard. But if the voluntary effort does not work and the industry is not sincere in its efforts to correct the problem, I think that is when we definitely go with a mandatory standard.

Senator GARN. How do you weigh the effectiveness of the voluntary standards relative to a potential mandatory standard in terms of the injuries avoided?

Ms. STEORTS. Well, I think, basically, you would take a look at how many of the products would comply and also how many injuries would be eliminated. We have several data-collecting resources at this point that we are looking at. One is our hotline system, which Commissioner Pittle spoke about. We look at our hotline to see what kind of injury data are coming in through that. That would be one of the ways we would evaluate whether it would be effective or not. If it is not, then it is really necessary to move into a mandatory situation.

INFORMATION AND EDUCATION

Senator GARN. This year you are placing a greater emphasis on education and consumer information. While I welcome the trend away from regulation as the only alternative, I also question the effectiveness of some information. During your hearings, Commissioner Statler said there wasn't a great deal of evidence that labeling across the board is likely to be effective. Similar remarks were made regarding public information campaigns. Last year we discussed ladders and I gave as an example a label which would say, "Don't go beyond this step." However, everybody will disregard this label, including me, because I always need to get just a little bit higher, and I see that sign as I go up and I am not going to go out and buy a 32-foot ladder instead of 26 foot. How do you get us to use commonsense in labeling?

Ms. STEORTS. This is one of my priorities, because I come from a communications background. I frankly feel a good information and education program can be effective as long as we are communicating a simple message. And I would like to go back, if I may, to the safety campaign we had at holiday time. In the past, much of the effort of the Commission was spent on recalls, and that certainly is important. But there also are a tremendous number of good toy products on the marketplace that, frankly, could present a problem. For example, if you are buying a toy for a 3-year-old that was meant for an 8-year-old, that could be a hazardous toy for the 3-year-old. So the basic thrust of our message this year was the simple one that a person should buy the right toy for the right child at the right age. But we didn't just put out a

release. We got Senator Thurmond and his wife and, as a result of that, we then got almost every Member of Congress involved in this program to communicate to their constituents. In addition, we also got the Governors, the mayors, and all the State and local authorities throughout the country to communicate the same message. The implementation of this program went through our field offices and they used every possible communication resource available to them.

The reason I use this is because I think a massive education effort is often needed. It needs to be focused and prioritized. I think by doing this that you can indeed change human behavior, and that is what we strive to do in our new public affairs outreach effort. We are working with industry. We are working with consumer groups. We are working with State and local authorities, as well as the media. I think by doing this we can focus it and really can have a tremendous impact on good consumer information for the individual consumer who shops in the marketplace.

Senator GARN. Do you really think you can educate me to keep me off the top two steps of my ladder?

Ms. STEORTS. I don't want to hear that you have fallen, sir.

PAPERWORK REDUCTION

Senator GARN. Your Office of Budget, Program Planning, and Evaluation administers the Commission's efforts under the Paperwork Reduction Act of 1981. In this regard, your budget justification states that the Office has developed plans to significantly reduce the paperwork burden on industry in fiscal years 1982 and 1983. What is your definition of "significant reduction"? It bothers me whenever I hear the words "significant" or "adequate." My concerns over these terms go back to the days I was heavily involved in SALT II and the Secretary of State and Secretary of Defense assured me that the treaty terms were "adequately verifiable." I felt all right about that response until one of my colleagues asked them if they would be satisfied if their wives were "adequately faithful." [Laughter.]

So that is why I ask, What is your definition of "adequate"?

Mr. TINSWORTH. Senator, there are three standards that we enforce that we estimate cause 80 percent of the burden that we put on industry as far as testing and recordkeeping requirements. They are mattress flammability, children's sleepwear, and general wearing apparel. In all three cases we are taking a look at those standards to see if we can't reduce recordkeeping and test requirements. As an example, in the mattress standards the staff is working on a proposal that we believe would reduce the recordkeeping and testing requirements by over half. In the case of children's sleepwear and general wearing apparel, we have instituted procedures to allow alternate test procedures, and there are several manufacturers who have reported to us that their testing and recordkeeping required in those areas might be reduced by 50 to 75 percent. So we do think there will be a very substantial reduction.

Senator GARN. How much of the plan has been implemented?

Mr. TINSWORTH. I believe that we are close to having briefing packages for all three standards to the Commission and that the proposals will come out this year.

Senator GARN. I would like you to provide the responses to these questions for the record: What type of information will no longer be required? What impact, if any, will this have on the Commission's ability to monitor complaints and anticipate hazards?

Ms. STEORTS. Certainly.

[The information follows:]

The Commission staff feels that these changes will have no adverse impact on the Commission's ability to monitor compliance and anticipate hazards.

The specific changes in these regulations are:

One. Children's sleepwear regulations—The staff has drafted changes which would allow the manufacturers to use alternative test apparatus which could reduce the amount of time needed to conduct testing.

Two. General wearing apparel regulations—The staff has drafted changes which would allow flexibility in selection of a test apparatus as discussed above; allow the manufacturer to establish his own reasonable test program; and reduce the required record retention period from 3 years to 1 year.

Three. Mattress regulations—Testing is now required of both prototypes and of samples taken at intervals from production. The Commission has directed the staff to prepare an amendment of the standard to reduce or simplify sampling requirements; reduce recordkeeping requirements; simplify language; and make other technical changes needed. The staff recommendation is to eliminate the requirement for testing samples taken from production provided a prototype has been tested satisfactorily. Where there are long runs of a product conforming to a satisfactorily tested prototype, the saving to a manufacturer can be considerable.

As discussed above, current plans are that the Commission will have these draft changes for decision by the end of April. Assuming that the Commission decides to propose these changes, the staff plans are to analyze comments and present the draft final amendments for Commission decision during the fourth quarter of this fiscal year.

SUBMITTED QUESTIONS

Senator GARN. I have some 40 pages of detailed questions. I think rather than asking these questions now, I will submit them, as well as questions from Senator D'Amato, for response in the record.

Ms. STEORTS. Fine.

[The following questions were not asked at the hearing but were submitted to the Commission for response subsequent to the hearing:]

Questions Submitted by Senator Garn

PAY RAISE SUPPLEMENTAL

Question: Page 1 of your budget justification states that OMB "will consider a budget amendment in the amount of $675,000 to partially offset the cost of the October 1981 pay raise in March of this year".

OMB has not submitted such a request as yet. In fact, they have indicated that almost all agencies will have to full absorb the October pay raise.

What assurances do you have that would make you believe that the Administration will submit such a supplemental?

Answer: During an appeal of FY 1982 and FY 1983 funding levels, OMB approved $675,000 for the Commission for FY 1982. Subsequently, OMB said that pay raises for all agencies would be considered in March, 1982. Since OMB had originally approved the $675,000, we believe that it is reasonable to expect that OMB will approve it again.

Question: What would be the effect on your FY 82 operating plan if this supplemental was not forthcoming?

Answer: The FY 1982 operating plan does not include the funds which would be received from the supplemental fundings. Therefore, nothing would be removed if the supplemental was not forthcoming. If the funds are received, the Commission plans to restore contract and other funds which were removed in order to pay for the cost of the pay raise.

OVERALL BUDGET AND STAFFING

Question: The Commission's FY 83 authorization is for $35,000,000. You requested almost all of this or $34,974,000 from OMB and 675 workyears. Your official request is now $33,508,000 and 636 workyears.

Had your request to OMB been approved, how would you have used the additional $1,466,000 and 39 workyears -- please provide this for the record.

Answer: The reduction from $34,974,000 in our November request to $33,508,000 in our February request will have the following impact on the Commission:

- There will be delays in processing Freedom of Information (FOI) requests.
- Upward mobility positions will be cut from 9 to 4.
- A 40 percent reduction will be made in the evaluation staff of the Office of Budget, Program Planning and Evaluation precluding several assessment projects.
- Analysis of existing standards for fireworks and carpets

and rugs, to uncover burdensome or outdated provisions and suggest possible amendments, will not be made.

- An evaluation of the effectiveness of a voluntary standard for extension cords in preventing infant mouth burns will not be made.
- A feasibility study on the chemical ingredient labeling of consumer products to allow allergic consumers to protect themselves will not be made.
- An evaluation of the effectiveness of voluntary standards in reducing the risk of injury of a wide range of toys will not be performed.
- Analysis of data on 250,000 yearly injuries associated with workshop power tools, and injury investigations, and laboratory evaluations of these products will not be done.
- Response to requests for information from our Clearinghouse cannot be kept current. A monthly backlog of 50-60 is expected to accrue in responding to the requests.
- The number of epidemiology investigations of potential hazards will be reduced 50 percent. These analyses of potential hazards form the basis for new project identification.
- A project to make quality control analysis of epidemiology investigations that provides feedback to CPSC investigators will be dropped.
- Over 40 percent of the outreach support staff at headquarters will be lost requiring greater dependence on industry to share the support burden.
- The Office of Public Affairs will lose 10 percent of its staff.
- The number of on-site injury investigations that the field will be able to conduct will be reduced.

COST SHARING OF INFORMATION CAMPAIGNS

Question: Page 42 of your budget justification indicates that the Commission intends to encourage groups to share the cost of information campaigns to the public.

What types of groups would you expect to share these costs and has the Commission established cost sharing guidelines?

Answer: The reduction in the CPSC budget has led us to seek cost sharing from trade and professional associations, consumer groups and other governmental units. We have had some success in these efforts already. Some organizations have paid for reproducing CPSC materials and other groups have donated their own publications for information programs. We intend to continue to seek such support in order to increase the availability of safety information to consumers that is related to all our information programs.

In instances where informational materials from industry or any other non-CPSC source are to be used in information programs, that material undergoes the same clearance process within the technical and program units of the Commission as does Commission-developed material. This clearance requirement assures that the best interests of the consumer are considered before the Commission agrees to distribute materials that do not originate with CPSC.

PUBLIC AFFAIRS AND OUTREACH

Question: During FY 82 you have implemented several structural changes at the Commission. In particular, you have created an Office of Public Affairs and an Office of Outreach Coordination.

What are the purposes and goals of each of those new offices and how will their performance in meeting these goals be assessed?

Answer: One goal of both of these groups is to reach more consumers with useful product safety information that will help these consumers become wiser in their selection and use of consumer products and thus reduce injuries associated with the use of such products. Another important goal is to build up a constituent consumer network for future programs by working with industry, consumers, other Federal agencies, and State and local governments in developing and carrying out our outreach programs.

While the work of the two offices is closely coordinated, there is a distinct division of labor. The Office of Public Affairs is responsible for development of consumer programs, and liaison with business and industry, consumer organizations, other Federal, State and local government agencies, and the media. The Office of Outreach Coordination has responsibility for liaison with the Office of Program Management within the Commission, coordination of regional outreach activities, development and clearance of print and electronic media materials, development and conduct of national education programs, and coordination of State and local consumer outreach programs for the Commission.

Their performance in meeting these goals will be measured in large part on the number of consumers reached, the number of organizations that become involved in our outreach programs as multiplier groups and the quality of our outreach efforts. Each outreach program requires reporting that will allow us to assess all these elements and each final report will include an assessment of the success of that particular outreach effort.

ACCIDENT DATA DISSEMINATION

Question: In order to provide the public with injury data, the Commission makes copies of product-related accidents available to manufacturers. In addition, the Commission responds to a large number (5,000) of requests for injury data from lawyers and other professionals under the Freedom of Information Act. In your budget justification, you indicate that the FY 82 budget cuts will hamper your efforts to provide product-related accidents to manufacturers and that your FOI backlog will accumulate.

What will be the situation during FY 83?

Answer: Experience through March 1982 has shown that the

backlog of FOI requests is accumulating at an approximate rate of 60 requests per month. This is about 50 percent of the rate of 125 per month projected in the FY 1983 budget document. The reduction has been possible due to new procedures instituted in the Clearinghouse to streamline the processing of requests and a leveling off of the number of FOI requests received.

The Commission has preliminarily decided that unverified consumer complaints will not be released by the Clearinghouse in response to FOI requests in order to comply with Section 6(b) of the Consumer Product Safety Act (CPSA). If it is finalized, the staff resources freed by this action will enable us to further reduce the backlog to a rate of accumulation of about 50 requests per month.

Question: How much will be required to restore these activities to their FY 81 level?

Answer: It is estimated that one additional professional staff year of effort would be necessary to clear up the accumulated backlog and then to stay current with incoming requests in FY 1983. The Commission is currently examining possible solutions to this problem, such as the use of temporary employees.

CHRONICS PROGRAM PRIORITIES

Question: Several months ago you delivered a draft version of your FY 82 program priorities for your Chronics Program. That draft contained a list of eight major topic areas that you intended to emphasize during this fiscal year including formaldehyde, asbestos, flame retardants and indoor air quality.

What is the current status of your chronics program priorities?

Answer:

Formaldehyde

- Commission staff recently completed a report on the investigations of formaldehyde in textiles and in school laboratories. The staff has recommended that discussions be initiated with organizations, such as the National Science Teachers Association, to inform them about the availability of alternative low-formaldehyde specimens, and the various other means by which student and teacher exposure to formaldehyde may be reduced.

- CPSC staff has prepared a report, for the Commission, of our findings to date, on formaldehyde in textiles. Based on the results of our formaldehyde release studies, and concern about the health effects of formaldehyde, the staff intends to initiate a dialogue with the textile industry to consider additional formaldehyde health effects testing, and to further current research efforts directed toward reducing levels of formaldehyde resins in textile applications.

- CPSC staff has completed review of the final Chemical Industry Institute of Toxicology (CIIT) report and finds nothing in the report to alter our prior conclusion concerning the carcinogenicity of formaldehyde. The final

report of the New York University study has not been released; however, findings to date corroborate the results of the CIIT study. The Commission voted in February to finalize the proposed ban of Urea Formaldehyde Foam Insulation (UFFI).

- o A report on the study of relative emissions of formaldehyde from various consumer products will be presented this spring.

Asbestos

- o In February, the Commission approved the formation of a Chronic Hazard Advisory Panel to assess the hazard and general risk presented by asbestos. The 1981 amendments to the CPSA require that a Panel review the scientific data relating to such risk before the Commission commences formal regulatory action. At the present time, the CPSC staff is testing a number of asbestos-containing consumer products. Preliminary data indicate that several of these efforts may lead us to recommend regulatory action.

- o Staff recently presented the Commission with a draft booklet entitled Asbestos-in-the-Home, which is intended to provide guidance to consumers who have asbestos-containing materials in their homes.

- o The staff also recently reported on many of the appliances for which information was required to be submitted under the 1981 General Order. The staff analysis shows that it is unlikely that asbestos components in eight of nine appliance categories present a significant health risk.

Benzidine Congener Dyes

- o Research conducted for the Commission during the past year shows that of 23 dyes tested, all have been demonstrated to breakdown to cancer-causing agents in animals. Data from our in-house laboratory testing suggest that the degree of risk to consumer health from reasonable use of consumer dye products containing benzidine congener dyes is dependent largely upon the ability of the dyes to penetrate the skin. An investigation of skin penetration of benzidine congener dyes is underway and results are expected in several months. CPSC will consider final action on consumer dye products upon review of the skin penetration study results and a current economic assessment.

- o CPSC staff recently received notice that the largest producer of consumer dye products has completed development of substitute formulas for all powder and liquid dye products which previously contained benzidine congener dyes.

Aerosols

- o Staff is continuing our hazard assessment of methylene chloride and zylene in aerosols. We anticipate presenting a summary of our findings to the Commission in September.

Phthalate Esters

- Commission staff is working closely with other Federal agencies and with the Chemical Manufacturers Association (CMA) to ensure no overlap or duplication in testing efforts. The CMA is currently reviewing several testing protocols developed by the CPSC staff to determine phthalate release from products. Testing is continuing to determine the presence and quantity of phthalate esters in a variety of consumer products.

Indoor Air Quality

- The Commission has recently initiated, in conjunction with the Department of Energy, with OMB approval, a study to identify the various chemicals and their relative concentrations present in the air inside older and newly constructed homes. This study was planned in consultation with EPA, DOE, HUD, National Center for Toxicology Research (NCTR) and other interested Federal Agencies, and the information generated is being shared among all the agencies through the Interagency Research Group on Indoor Air Quality. CPSC will use this information to initially identify consumer products in the home which are major sources of indoor pollutants.

- The staff has also conducted a thorough review of the National Academy of Sciences 1981 report Indoor Pollutants and provided the Commission with a summary of the findings of the report and the implications for the Commission's work.

Question: Please provide for the record a description of the procedure used to determine these priorities and include a specific example of how these procedures were applied to an item on your priority list and one that was found not to be sufficiently important to be on that list.

Answer: The procedure used to determine priorities is based on a formal, standardized process which enables the staff to gather and subsequently correlate toxicologic and economic information from a multitude of available sources. The procedures have been designed to be cost-effective; permitting the examination of a maximum number of chemicals using a minimum of resources.

The process is conducted by a multidisciplinary review group. The process is initiated by a report of a toxic effect, such as carcinogenicity, from one of nineteen sources, such as the National Toxicology Program or the International Agency for Research on Cancer. Once begun, the process operates in two phases. In the first a preliminary economic report is prepared which provides information on the potential, known, or historic uses of a chemical. At the same time a preliminary toxicity report is prepared which provides a review of the initial triggering report and indicates the availability of additional chronic toxicity information. In the second phase, more detailed and specific reports are prepared which include information such as production volume, percentage of production used in consumer products, potential or known manufacturers using the chemical, physical properties of the chemical, pharmacokinetics, metabolism, and human and animal toxicity testing.

Decisions to defer, drop, recommend for testing, or continue to review are made after each phase, with the final decision being to take no further action or to recommend to the Commission to establish a project after extensive coordination with other federal agencies to avoid overlap and duplication. An example of a class of chemicals that went through the process and were included in the FY 1982 Operating Plan as a project are the phthalates. In that case, the National Toxicology Program published the positive results of bioassays on several members of this chemical class. Economic and other information indicated the potential for extensive exposure, especially among very young children. As a result, project status was recommended.

Alternatively, acetone and 2-naphthylamine were reviewed and discontinued; the former because of insufficient toxicity data, even though use is very widespread, and the latter because of a lack of use and exposure, notwithstanding extensive data on carcinogenicity.

A third category includes wood preservatives, such as arsenicals, creosote and pentachlorophenol, which are widely used, and for which extensive data on toxicity, including potential carcinogenicity, is available. The staff recommended that no further action on these chemicals be taken at this time, because the EPA was expending considerable resources on their review under the Federal Insecticide, Fungicide and Rodenticide Act.

FY 82 PRIORITY

Question: Last year I asked you for a list of your highest priority projects for FY 82. In response you said that the Commission will select its priorities after the development of an operating plan for FY 82. That plan was presented to the Committee on December 31, 1981.

What priorities have you now established and how do they compare to the 12 priority projects established in FY 81?

Answer: In the Federal Register of February 23, 1981, the Commission listed 17 priority projects for FY 1981. That list was divided into two parts: the first consisting of hazard-related projects, and the second containing longer-range commitments to improve the Commission's regulatory processes.

A majority of the Commission has voted to establish 10 product hazard-related projects for priority attention in FY 1982. These projects are:

- Chain Saws
- Cribs
- Dyes and Finishes
- Formaldehyde
- Housewiring and Circuit Breakers
- Indoor Air Quality
- Plastics Flammability
- Poison Prevention Packaging
- Upholstered Furniture
- Wood and Coal Burning Heating Equipment

One new hazard-related project appears on the FY 1982 listing, and addresses the possible need for revision of some of the existing

regulations for child-resistant packaging in view of changing circumstances and developing technology. One hazard-related project on the list for FY 1981, electric blankets, has been deleted in view of revision of a voluntary standard for thermostats in electric blankets. Some other hazard-related projects on last year's list have been combined. As a result, the number of hazard-related priority projects has been reduced from twelve in FY 1981, to ten in the FY 1982 listing.

A majority of the Commission has voted to establish five longer-range commitments to improvement of the Commission's regulatory processes for FY 1982. These priorities are:

- o Emerging Hazards
- o Rule Review and Modification
- o Section 15 Activities
- o Special Populations
- o Voluntary Standards

A sixth process priority for FY 1982 on Public Information and Outreach is still under discussion.

In the FY 1982 listing, the Commission added a regulatory-process priority for emerging hazards which is intended to emphasize identification of potentially dangerous products in the marketplace. Comparison of this year's listing with the list in the Federal Register for FY 1981 also reveals deletion of one regulatory-process item, a survey of the Commission's basic injury data needs. This survey has been completed.

Question: What will your FY 83 priorities be?

Answer: The Commission will make final selection of its priorities after the development of an operating plan for FY 1983.

Question: What specific quantitative criteria will you use for the selection of your FY 83 criteria?

Answer: The Commission will select its priorities based on our policy for establishing priorities for Commission action which was published in the Federal Register. This policy states that the following criteria will be considered for establishing priorities for Commission action: frequency and severity of injuries; chronic illness and future injuries; costs and benefits of Commission action; unforeseen nature of the risk of injury; vulnerability of the population at risk; probability of exposure to the hazard; and when appropriate, additional factors known to the staff and believed to warrant Commission attention.

Question: The subcommittee would like a description of your priority setting procedures for the record and an indication as to how this process could be improved.

Answer: As we discussed above, the Commission's policy for establishing priorities provide explicit criteria to be considered in selecting priorities. The complete description of that policy may be found in the Code of Federal Regulations 16 CFR 1009.8.

The primary improvement to be made is to carefully use these criteria to further narrow the number of projects selected for

priority attention.

VOLUNTARY STANDARDS

Question: In your request to OMB for the Office of the Executive Director, you asked for $1,298,000. OMB approved a level of $1,212,000 -- which is essentially the same as your "minimum" level. In describing the impact of funding at the minimum level, you noted that work could not be performed to assess the Commission's efforts to strengthen its voluntary standards program in FY 82.

Do you still intend to cancel this effort?

Answer: Given the present level of funding, it will not be possible for us to fund the study as originally intended.

Question: What had you expected to learn from this evaluation?

Answer: Since the agency began operations in May 1973, we have actively monitored or participated in 83 voluntary standards development projects which have resulted in the publication of 61 new standards and the revision of 24 existing standards. This evaluation would have provided information assessing the extent to which Commission involvement in development of a voluntary standard was responsible for the actual development of the standard, which staff activities should be strengthened, and which staff activities should be abandoned.

Question: What impact will this have on your plans to expand and improve your voluntary standards program in FY 83?

Answer: In spite of the loss of this project, we are continuing to watch closely the effect of our efforts to monitor or participate in the development of voluntary standards. Our Office of Program Management is carefully reviewing the nature and quality of staff involvement in the monitoring of voluntary standards. While we do not at the present time see any way in which to expand voluntary standards activities, we are certain that prudent management will enable us to maximize our effectiveness.

Question: How much would it cost to perform this evaluation?

Answer: The Commission estimates that it would cost $40,000 to perform this evaluation. This includes the cost of staff time to conduct the study.

CHAIN SAW VOLUNTARY STANDARDS

Question: It is my understanding that a voluntary standard for gasoline powered chain saws was published by the American National Standards Institute in February 1980, and the Underwriters Laboratory subsequently incorporated these changes for their electric powered chain saws (UL 45).

Has CPSC determined whether they are effective in addressing of chain saw kickback?

Answer: The UL Standard (UL 45) as it incorporates kickback provisions from ANSI B175.1, Standard for Chain Saws, is written in

design terms and does not lend itself to an evaluation of its effectiveness in addressing chain saw kickback injuries.

Paragraph 4.12 of the ANSI standard reads "Kickback. All chain saws shall be equipped with a choice intended to reduce the hazards associated with kickback, such as, a low kickback chain, bar nose guard, chain brake, or special guide bar. A performance standard is being developed to replace this requirement."

In February, 1980 Engineering Sciences evaluated the design options which appeared in the Standard for Chain Saws. After evaluating the various design options noted above, the Commission staff concluded that the standard did not adequately address the chain saw kickback hazard.

Since that time, the Chain Saw Manufacturers Association (CSMA) has developed amendments to the ANSI B175.1 Standard which are intended to address chain saw kickback injuries.

CSMA has submitted the amendments to ANSI for adoption in its Standard and to CPSC for its evaluation of the potential effectiveness of the Standard to reduce chain saw kickback injuries.

CPSC staff has performed a preliminary evaluation of the effectiveness of the amendments to reduce chain saw kickback and has concluded that the amendment does have potential to reduce chain saw kickback injuries.

DATA COLLECTION

Question: On November 17, 1981, this subcommittee received a copy of your Task Force's report on CPSC's data collection needs. One of the recommendations in that task force report is that CPSC not attempt to establish its own chronic chemical hazards surveillance system.

Do you agree with that recommendation?

Answer: The Commission agrees with the recommendation of the Hazard Data Task Force and feels that CPSC is presently pursuing the only approaches available for collecting data about chronic chemical hazards given the inherent problems of linking exposure and effect.

The Task Force reviewed the operation of a number of Federal data sources which monitor chemical hazards. The Task Force determined that CPSC's reliance on data sources which provide information about: a) toxic effects of chemicals; b) the chemical composition of consumer products, or; c) some combination of these two types of information are the only practical approaches to gathering and collecting data on chronic chemical hazards in consumer products.

Question: The Task Force questioned whether CPSC needs all the data that is supplied by the NEISS. The report questions whether CPSC needs as many cases as are now being collected; whether you need the large number of product codes now being used; and finally whether the reporting interval for this data could not be increased.

Could you please comment on these findings?

Answer: The Commission spent considerable time discussing each

of the recommendations of the Hazard Data Task Force. While the Commission voted 4-1 to retain the NEISS essentially unchanged, the Commission also instructed the Office of the Executive Director and the Directorate for Epidemiology to review the 1,000 NEISS product codes and eliminate any which do not warrant further monitoring by CPSC. The elimination of product codes would reduce the number of cases reported through the NEISS.

The Commission decided not to change the reporting interval for NEISS cases from daily to weekly as suggested by the Task Force. The Commission felt that weekly reporting of cases might make it more difficult to quickly recontact the hospital for the name, address, and phone number of persons involved in accidents which CPSC selects for follow-up investigation.

Question: What would be the expected cost savings at CPSC if the Task Force's recommendations were accepted for the NEISS program?

Answer: The Task Force's recommendation to reduce the sample of NEISS hospitals from 74 to 68 would save approximately $62,000 in contract cost and $9,000 in ADP costs. The recommendation to change the reporting interval from daily to weekly would save up to $30,000 in data processing costs. Reducing the number of product codes would result in very minimal cost savings since the codes which would be eliminated would probably have a relatively small number of cases associated with them.

Question: How do you respond to the Task Force's findings that the NEISS system currently provides a level of service which is disproportionate to the Commission's operational hazard data needs?

Answer: Based on its analysis of approximately 20 hazard data sources used by CPSC, it was the judgment of the Task Force that the NEISS provides a level of service which is somewhat in excess of the system's contribution to CPSC's total hazard identification and analysis activities. The Task Force recommended that the NEISS be retained but that the sample of hospitals be reduced from 74 to 68, the number of product codes be reduced, and that the daily reporting interval be changed to reporting once or twice each week.

After consideration of each of these recommendations, the Commission voted to retain the NEISS as a 74 hospital system reporting cases to CPSC daily. The Commission directed the staff to review the 1,000 NEISS product codes and eliminate those which appear to be of little or no value.

Question: For example, there are approximately 1,000 product codes included in the NEISS data base. The Task Force found that in FY 80, 327 of these codes or 32.6% had 10 or less injuries associated with them during the entire year.

Don't you believe that the number of codes could be reduced significantly without affecting the quality of the data?

Answer: As a result of its review of the Task Force's findings, the Commission has instructed the Executive Director and the Associate Executive Director for Epidemiology to begin a review of NEISS product codes. If specific product codes are deemed unnecessary to the agency's hazard identification and analysis activities, they will be eliminated and the NEISS will no longer collect data on

incidents involving those products.

Question: Finally the report concludes that CPSC should develop a specific plan to "market" the NEISS.

What efforts has CPSC undertaken to "market" this system and what potential cost sharing savings might be recognized?

Answer: Prior to the completion of the Hazard Data Task Force Report, the Commission had already negotiated interagency agreements for FY 1982 with the National Institute for Occupational Safety and Health, the Environmental Protection Agency, the Food and Drug Administration and the National Highway Traffic Safety Administration totalling $412,000.

As a result of the Task Force recommendation, CPSC increased its efforts to "market" the NEISS. CPSC is now close to finalizing an initial agreement with the Department of Housing and Urban Development for the current fiscal year. Negotiations are underway with the following agencies which have expressed a strong interest in the system: the U.S. Coast Guard; Department of Justice; Centers for Disease Control; Mine Safety and Health Administration; the National Heart, Lung and Blood Institute; and the National Institute on Drug Abuse.

It is difficult to estimate the potential cost savings which might be realized through any of these agreements, but the Commission recognizes that such agreements are an effective means of defraying the costs of the NEISS to CPSC.

SCHOOL LAB CHEMICALS

Question: You are currently reviewing the use of chemicals in secondary school laboratories to determine the hazard associated with such use.

Do you have exposure data indicating the number of individuals exposed to these chemicals and the length of time of such exposure?

Answer: A substantial portion of this country's 58 million school students may be exposed to laboratory chemicals during the school year. For example, the CPSC staff estimates that up to 8 million students may be exposed to formaldehyde from preserved biological specimens during each school year. Over a million other students may be exposed to additional chemicals during other scientific courses.

An informal nationwide survey conducted by CPSC staff revealed the availability, in secondary school laboratories, of 27 recognized or suspected carcinogens, such as benzene, formaldehyde, and benzidine. Although the CPSC has no data to describe exposure to all of these laboratory chemicals, the Commission staff believes the presence of many toxic chemicals, coupled with the significant size of the population potentially exposed, warrants further study.

Question: How will you collect such data and what will the collection cost?

Answer: While exposure information would be helpful, the Commission plans no such effort at this time. Through a network of

interested teacher, industry, government, and civic groups we will work to apprise secondary school instructors of current toxicity evaluations of chemicals used in school laboratories. The American Chemical Society, the American Association for the Advancement of Science, and the National Association of Biology Teachers have reviewed the CPSC materials and have agreed that there is a need for increased school laboratory safety awareness. Initial CPSC staff contacts with other interested organizations were also met with very positive and receptive responses.

Question: What is your estimate of the number of chronic health problems that have resulted from exposure to these school lab chemicals?

Answer: The number of chronic health problems that have resulted from exposure to school lab chemicals cannot be estimated because, unlike acute chemical hazards, there is no data base to indicate the number of chronic injuries which are due to exposure to laboratory chemicals.

Question: How did this project get started -- were there consumer complaints relative to chemicals contained in school labs?

Answer: This project was an outgrowth of the Commission's activities to reduce consumer exposure to benzene.

While the Commission determined that a ban of benzene in consumer products was not necessary, the Commission did express concern about the continued use of benzene in schools. Additional information from diverse sources indicated that there might be a number of chemicals with chronic toxicity present in the schools.

The staff subsequently initiated an informal national study by CPSC field personnel. The field staff visited high schools in eleven states and inventoried the chemicals available in the school laboratory. It was the finding of 27 substances, which a literature source identified as recognized or suspected carcinogens, that caused the staff to recommend initiation of a coordinated network of interested teacher, industry, government, and civic groups to develop and disseminate educational materials to schools.

ARTS AND CRAFT MATERIAL

Question: Your budget justification indicates that CPSC will begin an investigation of the ingestion of arts and crafts material by children to determine if such products are hazardous.

How much does CPSC intend to spend on this study during FY 82 and how much during FY 83?

Answer: Due to budget and staff constraints, the CPSC FY 1982 and FY 1983 efforts to study arts and crafts hazards to children will be limited to assisting the American Society for Testing and Materials, a prominent and widely recognized national voluntary standards association, in the development of a voluntary labeling practice for arts and crafts materials. CPSC involvement in this effort is estimated to require only 0.2 full-time equivalent staff positions. The staff believes this is a very modest and worthwhile expenditure in light of the potential benefits from reduction of injuries.

Question: How many documented cases of the toxic effects of such arts and crafts materials does CPSC estimate to occur each year?

Answer: Several known carcinogens or otherwise toxic chemicals, such as dyes, asbestos, and solvents are likely ingredients in arts and crafts products used by children. During 1979, an estimated 150 children under age five were treated in hospital emergency rooms in the U.S. for poisoning from home dye products. An additional 149 "dye" ingestions by children were reported in 1978 by the National Clearinghouse for Poison Control Centers (NCPCC). The 1978 NCPCC tabulations also show:

- o over 600 incidents of children eating crayons and modeling clay;
- o 1,200 cases of paint ingestion;
- o almost 1,500 cases of children who ate glue and adhesives.

Question: Based on this number of documented occurrences, what is the potential payoff of a CPSC investigation and how does this relate to the potential payoff of other investigations that CPSC might undertake for the same level of resources?

Answer: We are devoting minimal resources to this project while the potential reduction in risk may be quite significant. The potential payoff from a national voluntary standard that covers many exposure scenarios, many different toxic and hazardous materials, and a variety of sensitive populations, is large compared to the time invested.

WORKSHOP POWER TOOLS

Question: In your November budget justification, you state that one of the activities to be undertaken in FY 83 is an in-depth investigation of reported injuries and the conduct of laboratory evaluations to identify power tools which present the highest risk of death and injury to consumers. As a justification for this activity, you note that more than 250,000 injuries were associated with the use of workshop power tools during FY 1980. In your February budget submission, this item is not included as a proposed FY 83 activity.

Could you explain why you no longer intend to look at workshop power tools in FY 83?

Answer: Other projects in the program such as chain saws and log splitters were given a higher priority. This project will be included however, if the Commission receives additional funding for the Powered Equipment Program.

Question: What is the potential payoff for such an investigation and the subsequent development of mandatory or voluntary standards?

Answer: This project would involve an epidemiological analysis of the hazards associated with the use of power tools. The identification of power tools causing the most serious injuries and the analysis of the hazards associated with the use of these power tools

is a prerequisite to the upgrading of existing voluntary standards and/or the development of a mandatory standard which would lead to a reduction in injuries.

Question: In FY 83 you do intend to assist in the development of a voluntary standard on log splitters?

To what extent do you expect that this standard will result in a reduction in injuries greater than that achieved through the potential reductions possible under a workshop power tool effort?

Answer: The Commission staff believes that the joint CPSC-logsplitter industry effort to develop an industry standard for logsplitters, where none presently exists, will significantly reduce the injuries associated with the use of logsplitters, presently estimated at 17,000 each year.

In some cases, industry standards exist for certain workshop power tools. Many of these standards could be evaluated and upgraded to address specific injuries associated with their use.

The injuries associated with workshop power tools (250,000) are an aggregrate of the involvement of many individual products and do not necessarily represent a greater hazard per product, but rather a category of products that need further study.

REVIEW OF PETITIONS FOR RULEMAKING

Question: The Consumer Product Safety Amendments of 1981 repealed Section 10 of the Safety Act which required the Commission to address petitions within 120 days. Now there is no legislative deadline to force action.

On Page 12 of your budget justification you note the processing time will "increase because of budget constraints".

Have you established processing time goals for action on these petitions?

Answer: Yes. The Commission has established processing time goals for action on nine petitions which are currently being evaluated by our staff.

In the future, should the Commission receive a large number of petitions, the demand for staff resources to evaluate these petitions will have to be weighted against resource demands for other priority projects. Therefore, the less resources available to evaluate each petition could mean, depending upon the complexity of the issues raised by the petition, an increase in processing time for these petitions.

Question: Last year, at my request, EPA established a system to track the processing of permits, waivers and reviews.

I understand that you have such a system -- could you briefly describe it?

Answer: Yes. While the Commission does not issue "permits, waivers and reviews," the CPSC does have a system for tracking the receipt of petitions, the progress of their evaluation by the

Commission staff, and final action taken on the petition. The Commission routinely provides information in the Appendices to its Annual Report to the Congress on the number of petitions received that year, the number of petitions being evaluated which have been received in previous years and the petitions that have been granted or denied during that year.

STRUCTURAL ENTRAPMENT OF CHILDREN

Question: Could you please describe for the record the activities that CPSC intends to undertake during FY 83 related to structural entrapment?

Answer: The Commission staff has become aware of several deaths and severe injuries that have resulted from children becoming entrapped in products intended for their use. The products include items for play, such as preschool play equipment, furniture items, and safety products, such as baby gates. Some of these products have been addressed individually through corrective actions negotiated under Section 15 of the Consumer Product Safety Act. However, others may present similar hazards.

The Commission staff plans to complete a hazard analysis based on available injury data from death certificate files, NEISS, newsclipping files, consumer complaints, in-depth investigations, and the Section 15 case files. This information, along with applicable anthropometric data and child developmental and behavior information will be used to determine if hazard patterns for these products are similar. Engineering and economic evaluations will be used to develop remedial strategies and options for Commission consideration. The staff will also discuss the data with the industries involved and seek their assistance in finding the most effective approaches to reduce or eliminate the hazard.

Question: Is it possible for the Commission to develop a testing standard, similar to the small objects standard, for nursery furniture?

Answer: One of the purposes of this project is to determine the feasibility of such a standard. In developing recommendations to address entrapment, the staff will consider such things as the physical characteristics of each of the products involved, the accident scenarios, and the ages of the children at risk, to determine if there is a generic hazard that might be reduced through similar safety requirements for all of the products. A test applicable to children's furniture and similar products might be feasible, if for example, the Commission finds that a particular size opening accessible to children presents an entrapment hazard.

POISON PREVENTION PACKAGING ACT ENFORCEMENT

Question: Your budget justification indicates that increased compliance by retail pharmacies with the Poison Prevention Packaging Act (PPPA) is an important key to curbing the number of poisonings especially among young children. At the same time you indicate that due to your FY 82 resource levels, you will be forced to decrease this program by almost 40%.

What is the estimated impact of decreasing this program in terms of potential poisonings?

Answer: The impact of the 40 percent reduction in resources for Poison Prevention Packaging Act enforcement should be minimal. The staff resources have not been cut and the drop in the resources is due to the elimination of the contract funds for testing child resistant packaging. While there are no FY 1982 contract testing funds, the testing is continuing since the FY 1981 contract was modified late in the year to provide testing capability in FY 1982. Therefore, in spite of the loss of contract funds for FY 1982 the enforcement program is continuing at the same level as FY 1981.

Question: What would be the cost of maintaining this program at its FY 81 level during FY 83?

Answer: The FY 1983 budget includes $67,000 in package testing contract money. In addition, the Directorate for Health Sciences will be adding one full-time equivalent staff position to begin in-house testing to supplement the work done under contract. This level of resources will maintain the Poison Prevention Packaging Act enforcement program at approximately the FY 1981 level.

ELECTRICAL GROUNDING

Question: On Page 19 of your budget justification, you state that, "many safety experts believe that third-wire grounding systems in homes do not provide protection against electrocution". You also state that the Commission will recommend revision to voluntary safety standards to reduce the role of grounding systems in causing and permitting shock injuries in electrocutions.

If these third-wire grounding systems are not effective, why are they being installed?

Answer: Under ideal conditions, the third-wire grounding system reduces the chance for electric shock from appliances. However, in practice, this safety measure can be ineffective. The major reasons for this are: in some systems, a "real" ground is not established; people often cut off the third-prong from their plugs, therefore nullifying the system; and often, consumers use long lengths (50-100 feet) of relatively small gauge extension cords, especially with power tools and garden appliances, which result in high resistance in the grounding circuit. In addition, there are some situations where the third-wire grounding system is inappropriate for certain designs of appliances and could actually introduce electric shock hazards. However, when such systems are grounded properly and consumers do not defeat them, they can be effective under many circumstances.

Question: What is the cost of these systems in the typical new home?

Answer: The cost of the complete third-wire grounding system is difficult to measure. For a typical new home, the cost includes materials with grounding features and the labor to properly connect the grounding parts together. The materials involve a cable which has a conductor for grounding purposes and grounding terminals of wiring devices and connectors at electric panel boards.

Question: Has the Commission discussed the revision of safety codes with the National Institute of Building Sciences or other code review bodies?

Answer: The CPSC staff has on several occasions discussed with voluntary standards setting organizations the matters related to electric shock and grounding, including Underwriters Laboratories Inc. and the American National Standards Institute (ANSI) Committee C101.1 on Electric Leakage Current. We have not specifically discussed this issue with the National Institute of Building Sciences at this time but plan to do so. We have in the past discussed issues with them regarding household wiring and thermal insulation.

HEATERS AND COMPLIANCE

Question: On September 29, 1980, the Commission issued a requirement that unvented gas heaters be equipped with oxygen depletion sensor systems. Additionally, CPSC has been monitoring Underwriters Laboratories' voluntary standard on portable kerosene heaters. Kerosene heaters were involved in about 1,000 fires and 50 deaths.

I understand that FY 82 budget cuts will force CPSC to suspend its efforts to monitor the kerosene heater standard -- is that so?

Answer: The FY 1982 budget cuts did result in the suspension of the Commission's monitoring of the UL activity. However, because of the significant expansion of the use of these heaters and our concern over the use of combustible liquids in the home, CPSC staff has continued to monitor national trends and review investigations in order to identify risks. The most recent fire loss data available to the Commission indicates that in 1980 kerosene heaters were involved in about 600 residential fires causing approximately 20 deaths. These incidents and deaths occurred before the effective date of the revised voluntary standard in 1982.

If the continuing review of fire incident data shows a sustained high level of reported fires and deaths, or an increase in this level, the staff will bring this information to the Commission's attention for further action.

Question: Will budget constraints affect your efforts to monitor the implementation of oxygen depletion sensor systems?

Answer: No. Even with budget constraints, we will be able to inspect all manufacturers to assure compliance since the number of manufacturers is small.

Question: Under budget constraints, what factors are considered in determining which standards will be monitored and which will not?

Please provide for the record those standards which will not be monitored, the estimated savings (in terms of dollars, injuries and deaths) associated with not monitoring the standard, and the funds that would be necessary to monitor each standard.

Answer: In a very real sense, the budget constraints have not had any appreciable adverse affect upon our ability to enforce all existing mandatory standards. This is because the Commission's regulatory development has been dramatically reduced. With few new regulations being promulgated, the size of the field staff is adequate to enforce and maintain an acceptable level of industry compliance with existing Commission rules and regulations.

In order to accomplish this with the reduced field force, the nature of the compliance program has changed. The staff has become more discriminating when field enforcement (substantial vs technical) resources are expended. We are now doing much less of the broad industry surveillance and more following up of trade or consumer complaints and injury reports which point us directly to products which fail to comply with our rules and regulations.

With few exceptions, the Commission does not monitor industry compliance with voluntary standards. A voluntary standard designed to address ignition of christmas trees and decorations by strings of electric lights is such an exception. In this case the Commission, in the course of a rulemaking activity, directed its staff to provide information on the level of compliance that christmas tree light manufacturers had achieved with two voluntary standards then in existence for this product.

TOXIC SMOKE

Question: Inhalation of such toxic fumes may cause over half of the deaths attributed to fires in the United States -- clearly this represents a substantial problem.

During FY 82, the Commission is working with the National Bureau of Standards to develop a test that will help identify products that give off toxic fumes when burned.

What do you plan to do in this area in FY 83?

Answer: Toxicity associated with combustion products from burning materials has been under investigation by the fire community for a number of years. A variety of test methods have been developed for determining the toxicity of combustion products. Since each method is different, a laboratory to laboratory comparison for any given material was not possible. The National Bureau of Standards (NBS) has undertaken the development of a test protocol, which would be generally acceptable, for the identification of materials that give off unusually toxic products when burned. To assist them in this program, NBS convened an ad hoc committee consisting of experts in the toxicology field, from academia, industry, and government agencies. The purpose of the committee is to provide information, advice and recommendations on a suitable test protocol. A test protocol is in the final stages of development.

In FY 1982, the Commission is initiating an independent program to investigate the toxicity problems generated when materials used in certain consumer products burn. For the first phase of this program, materials used in upholstered furniture, such as fire retardant treated and non-fire retardant treated polyurethane foams, will be tested. This will be continued in FY 1983 and expanded to include other plastic and cellulosic materials used in consumer products. Associated literature will be reviewed and evaluated.

Question: Please provide for the record a list of all of the agencies working on the development of a toxic fumes test protocol and their contributions.

Answer: The Federal Aviation Administration (FAA), the National Aeronautic and Space Administration (NASA) and the Consumer Product Safety Commission were the only federal agencies represented on the

NBS ad hoc committee. The major contribution was made by the National Bureau of Standards, while, as noted above, the FAA, NASA and the CPSC provided advisory functions.

EPA TESTING OF DYES

Question: On November 5, 1981, EPA announced a final decision not to promulgate a testing rule on a variety of dyes under the Toxic Substance Control Act.

What implications, if any, did CPSC make to assist EPA in this decision?

Answer: The Commission has taken a lead role among the Federal and state agencies in the evaluation of hazards presented by benzidine congener dyes. In FY 1981, the CPSC staff completed a significant and extensive literature review and hazard assessment of these dyes. Based on this staff analysis, the Commission directed the staff to prepare a proposal to ban benzidine congener dyes in consumer dye products. The Commission staff has shared all of our materials on this issue with the EPA to assist the EPA staff in their assessment of these dyes. In addition, the CPSC staff took the lead, in consultation with the staffs of the EPA, FDA, and OSHA, and developed a comprehensive "Benzidine Congener Dyes Test Initiative," which was submitted to, and accepted, by the National Toxicology Program of the Department of Health and Human Services (DHHS). Testing is well underway on this effort.

In its November 5, 1981 response to the Interagency Testing Committee recommendation for additional testing of benzidine congener dyes, the EPA decided not to pursue testing proposals for benzidine congener dyes, ". . . because testing programs which are expected to supply data sufficient for the Agency's (EPA) needs are being currently planned and conducted, and regulatory efforts are being pursued." The "testing program" to which the EPA refers is the Benzidine Congener Dyes Initiative. The "regulatory efforts" to which the EPA refers include the November, 1980 CPSC decision to develop a proposal to ban consumer dye products containing benzidine congener dyes. The statement by the EPA reflects that there were no major differences between the scientific consensus of the CPSC and EPA staff.

Question: What implications does EPA's failure to promulgate a testing rule on these dyes have on CPSC's activities to regulate dyes?

Answer: The EPA's failure to promulgate a testing rule on these dyes has no implication on CPSC's activities to regulate these dyes. The CPSC staff is in agreement with the EPA decision.

BENZIDINE-TYPE DYES

Question: In response to a petition, the Commission in FY 81 directed the staff to prepare a proposal to ban benzidine-type dyes. It is my understanding that several dozen such dyes derived from these materials have been tested and all have been shown to break down to cancer-causing materials in the body.

What is the current status of the Commission's action in this area and what plans do you have for FY 83?

Answer: In response to a 1978 petition, the Commission, in November 1980 directed the staff to develop additional data to support a proposal to ban consumer dye products containing benzidine congener dyes. To date, each of 23 dyes tested have been shown to metabolize to cancer-causing materials in animals. Data from CPSC experiments suggest that the degree of risk to consumer health from reasonable use of consumer dye products containing benzidine congener dyes is dependent largely upon the ability of the dyes to penetrate the skin. A CPSC-sponsored investigation of skin penetration of benzidine congener dyes is underway and results are expected in several months.

The Commission is evaluating the use of benzidine congener dyes in commercial textile dyeing and will consider, in FY 1982, whether any remedial action is appropriate. The Commission will complete activities on benzidine congener dyes in FY 1983.

Question: What substitute or manufacturing alternatives are available for benzidine-type dyes?

Answer: CPSC staff recently received notice that the largest producer of consumer dye products has completed development of substitute formulas for all powder and liquid dye products which previously contained benzidine congener dyes. Contacts with dye manufacturers have indicated that substitutes for benzidine congener dyes are available for many colors.

DUAL PURPOSE CLOSURE FOR MEDICINES

Question: What is the status and why are the findings of CPSC's investigations of the use of Dual Purpose Closures for prescription medicine vials?

Answer: In October 1981, the Commission elected not to initiate regulatory action concerning dual purpose closures, but directed the staff to monitor any expansion of the dual purpose closures market. To the extent practicable, the staff will also closely monitor childhood ingestion data and identify the type of packaging involved in incidents.

Results of the Commisssion staff's recent examination of the market distribution of dual purpose closures show that one additional major packaging manufacturer has entered the dual purpose closure market since the October 1981 Commission decision and all major manufacturers of dual purpose closures are now distributing their products nationwide.

In a November 25, 1981 Federal Register "Notice of Commission Action," the Commission advised the public that the Commission's split decision does not indicate that the Commission has approved or endorsed dual purpose closures, and that the Commission could, at a later time, again consider the issue, particularly in view of new information or changed circumstances.

CHAIN SAW ACCIDENTS

Question: In 1980, there were an estimated 28,000 injuries as the result of chain saw kickback. As I recall, the Commission has been working on identifying the causes and cures for this chain saw problem for several years.

Do you believe that a mandatory rather than voluntary standard will be necessary?

Answer: The Commission could either support a voluntary standard or promulgate a mandatory standard to address kickback injuries associated with the use of chain saws.

The Commission has preliminarily determined that an unreasonable risk of injury from chain saw kickback is associated with the use of chain saws. They have directed the Commission staff to prepare an advance notice of proposed rulemaking (ANPR) which announces the Commission's intent to develop a standard which will address chain saw kickback injuries.

New procedures under the 1981 amendments to the Consumer Product Safety Act require that the Commission evaluate an existing voluntary standard's effectiveness in reducing injuries prior to promulgating a mandatory standard. The Commission's course of action will depend upon an evaluation of a voluntary standard's potential effectiveness in reducing chain saw kickback injuries.

Question: What is your time frame for the development of a mandatory standard if voluntary standards do not prove to be satisfactory?

Answer: At this time the Commission staff estimates that two years will be necessary to develop and promulgate a mandatory standard to address chain saw kickback injuries.

HAZARD PRIORITIES

Question: Pages 3 and 4 of your budget justification contains a list of 4 hazard areas that you cite as deserving "special attention". Listed are Fire Hazards, Chemical Hazards, Power Equipment Hazards and Children's Recreational Hazards.

When these 4 areas were selected, how much consideration was given to severity and frequency of the hazard?

Answer: Before designating these four hazard areas for special attention, the Commission carefully considered the severity and frequency of the hazard. In addition, we took into account: the causality of the products in injuries associated with these areas; the prospective costs of Commission action to consumers and producers; the benefits expected to accrue to society from the resulting reduction of injuries; the degree of consumer awareness both of the hazard and of its consequences; the vulnerability of the population at risk (i.e., children, the elderly, and the handicapped are often less able to judge or escape certain dangers in a consumer product); and the probability of consumer exposure to the hazard.

Question: How much consideration was given to the likely success CPSC might have in reducing each of these hazards?

Answer: The Commission believes that it will meet with success in reducing the hazards in each of these areas. During the progress of our work in these areas we continue to assess the likelihood of accomplishing the goals established for every project. If it is determined that these goals will not be met or that circumstances dictate giving higher priority to another project, the Commission

will take the necessary steps to adjust its operating plan to meet these circumstances.

LADDERS - VOLUNTARY STANDARDS

Question: In describing your activities in the development of standards for ladders, you indicate that the voluntary standard developed by the industry will ultimately prevent 39 deaths and 45,570 injuries per year.

What were the estimates for the prevention of injury and death associated with other proposed standards for ladders and a mandatory standard that might have been promulgated by CPSC?

Answer: There were no estimates for the prevention of injury and death with other proposed standards since the ANSI (American National Standards Institute) standard was the only proposed ladder standard on which the Commission staff was directed to work. No estimates were developed for the prevention of injury and death with a mandatory standard that might have been promulgated by CPSC. We do not know what provisions the Commission would have included in such a mandatory standard; therefore, estimates based on such a potential standard were not developed.

On November 5, 1976, the Commission denied a petition to develop a mandatory standard, based on a promise from industry that an adequate voluntary standard would be developed. The existing ANSI standards were revised, updated, and expanded in scope in response to the Commission decision.

EPA STOCKPILING OF UNVENTED GAS FIRED SPACE HEATERS

Question: On April 2, 1981, the Commission published a final rule concerning the stockpiling of unvented gas fired space heaters which did not comply with the safety standard which requires an oxygen depletion shut-off system. The notification stated that the purpose of the stockpiling rule was to prevent marketing of excessive number of products that do not comply with the safety standard between the date the safety standard was issued and the date it goes into effect.

Has CPSC ever used this stockpiling prohibition before this particular instance and have you ever used it since?

Answer: In addition to the stockpiling rule for unvented gas fired space heaters, the Commission has issued four other stockpiling rules, all before the space heater rule was issued. These other stockpiling rules were for the following products that are also subject to consumer product safety standards:

1. Architectural glazing, 16 CFR 1201.6
2. Matchbooks, 16 CFR 1202.7
3. Walk-behind power lawn mowers, 16 CFR 1205.7
4. Swimming pool slides, 16 CFR 1207.12

Question: Was this stockpiling rule challenged in the Courts?

Answer: No. None of the Commission's stockpiling rules have been challenged in the Courts.

Question: To what extent do you consider such a rule a defect or implementation of the safety standard itself?

Answer: The stockpiling rules were all issued pursuant to Section 9(d)(2) -- now Section 9(g)(2) -- of the Consumer Product Safety Act in implementation of standards that had been issued. Violation of a stockpiling rule is independently prohibited by Section 19(a)(7) of the Consumer Product Safety Act. Thus, a product which is in violation of a stockpiling rule would not be considered in violation of the standard itself because the stockpiling rule only covers products manufactured between the date a standard is issued and the date the standard goes into effect.

QUALITY CONTROL OF INVESTIGATIONS

Question: In your November budget justification, you indicated that the Commission would be conducting a project to improve the quality of information collected by reviewing selected cases and providing feedback to investigators. This item is not included in your February budget request.

What affect will the dropping of this project have on the quality and utility of your data?

Answer: The quality of the data collected through investigations is of continual concern to CPSC. Although the project has been dropped, the process of reviewing the investigations and providing feedback to investigators still remains, but at a minimum level. Since the reduction-in-force conducted early in FY 1982 caused the shifting of many people into investigator positions, the current major activities to improve the quality of investigations involve the conducting of training courses for Regional Office supervisors and investigators. These training courses will emphasize general investigation techniques, as well as specific methods to use when investigating hazards of current priority Commission concern. During FY 1983, we will continue to devote a limited amount of resources to review investigations and provide feedback on the most serious reporting deficiencies to the Regional Office investigators and their supervisors.

Question: What would it cost to reinstate this project in FY 83?

Answer: To provide a thorough review and feedback on each incoming investigation would require approximately two full-time equivalent staff positions.

UPHOLSTERED FURNITURE

Question: It is estimated that 1,200 fatalities occur each year as the result of upholstered furniture fires started by cigarettes. Currently, the industry has developed a voluntary program to address this problem and in your budget justification, you note that you intend to assist industry in developing the technology to manufacture cigarette resistant furniture.

What exactly do you intend to do and how much does the Commission intend to spend on this issue during FY 83?

Answer: The upholstered furniture industry has improved the

cigarette ignition resistance of upholstered furniture. However, further significant improvements are required before upholstered furniture on the retail market can be considered to provide an acceptable level of safety from cigarette ignition.

The Upholstered Furniture Action Council (UFAC) has formed a technical committee which acts as a focal point for the evaluation of new products and techniques which may further improve the cigarette ignition resistance of upholstered furniture. CPSC is represented on this committee, thereby providing its expertise to the industry effort. A necessary adjunct to the technical committee are laboratories which are capable of evaluating new materials and techniques. The CPSC laboratory is one of the laboratories carrying out these evaluations. These activities will continue in FY 1983.

To determine further improvements in the cigarette ignition resistance of upholstered furniture that the industry has achieved, furniture samples will be purchased at appropriate intervals on the retail market and tested. The first of these tests is planned to start late in FY 1982 and will be completed in FY 1983.

The Commission has budgeted $170,000 for this program in FY 1983. In addition, the Commission has budgeted $70,000 to investigate the hazard associated with open flame ignition of upholstered furniture.

ELECTROCUTION HAZARDS

Question: Your literature indicates that many of the approximately 600 accidental electrocutions that occur each year in and around the home could be prevented. Your budget justification states that the Commission will develop a multi-disciplinary approach designed to reduce electrocution hazards by increasing consumer awareness and utilizing new technology.

Could you please describe your program to reduce these electrocution hazards and how much does CPSC intend to devote to this activity during FY 83?

Answer: The program to reduce the approximately 600 accidental electrocutions that occur each year in and around the home will involve staff electrical engineers who are specialists in electrical safety teaming up with trained field investigators, hazard data analysts, and staff specialists in human factors, economics and education. The in-depth field reports that document the circumstances surrounding accidental electric shock incidents will be viewed together with past CPSC projects involving electric leakage current, and ground fault circuit interrupters.

It is anticipated that the effort described above will produce new or refined practical proposals that could then serve as the underpinning for planned CPSC activities for electric safety. Included among these activities are an electrical safety week campaign and specific recommendations for consideration by voluntary standards development organizations.

The resources that CPSC plans to devote to this activity during FY 1983 are two and one half professional full time equivalent positions.

POISON PREVENTION

Question: In discussing your activities under the Poison Prevention Packaging Act, you state that the FY 82 budget cuts have forced the Commission to reduce its effort on issuing exemptions for special packaging and reduce the amount of effort the Commission can devote to devising a less costly test for child resistant packaging.

How much would it cost the Commission to maintain these activities during FY 82?

Answer: In FY 1981, the Commission received only one request for an exemption from special packaging requirements, and has received none, to date, during the first half of FY 1982. Consequently, despite the reduction in resources available for addressing exemption requests, the Commission has been able to maintain this effort, though at a reduced pace.

The Commission staff has conducted a limited, preliminary evaluation of the PPPA test procedures used to determine the effectiveness of child-resistant packaging, and will present to the Commission, within the next month, a briefing package containing an assessment of several possible revisions to the PPPA test procedures. The Commission originally requested $40,000 for FY 1982 to conduct tests to obtain additional data needed to further evaluate the appropriateness of various revisions to the PPPA test protocol. The Commission intends to collaborate with the industry, consumers and others, who have interest or expertise in the area of childhood poisonings, to obtain data needed to assist the Commission staff in conducting its evaluation.

Question: Do you intend to resume your activities in these areas during FY 83, and if so to what extent?

Answer: In FY 1983, the Commission will address petitions submitted for PPPA exemptions and will propose revisions to the PPPA test procedures. Current regulations, under the PPPA, require child-resistant packaging for all oral prescription drugs -- regardless of their toxicity. During FY 1983, the Commission also intends to begin an effort to categorize all prescription drugs based on their acute toxicity and their capacity to cause serious illness or serious injury to young children, into several major pharmacological classes. The objective is to remove from special packaging requirements categories of prescription drugs for which such packaging is not necessary. We anticipate this effort will result in a reduced packaging burden on the industry, and reduce the future need for exemption requests.

PUBLIC INFORMATION ON PLAYGROUND EQUIPMENT

Question: The Commission published a two volume handbook which offered safety tips for planners and purchasers of public playground equipment. Your budget justification indicates that the Commission undertook an aggressive distribution plan through State and local networks to encourage a nation-wide effort to improve the safety of playgrounds.

Do you have any information as to the number of individuals and/or organizations that use these handbooks and the purchase and/or installation of public playground equipment?

Answer: The Commission printed 60,000 copies of Volume I (the general, consumer-oriented volume) and 10,000 copies of Volume II (the technical volume) of the Handbook for Public Playground Safety. To date, we have distributed over 38,000 copies of Volume I. Volume II is completely out-of-stock, and has been since last Fall. In order to respond to the continued demand for the technical information, we are printing an additional 10,000 copies of Volume II.

Sample sets of handbooks were originally distributed to Mayors and City Managers, County Executives, and State Departments of Education. The National Recreation and Parks Association assisted us by distributing over 3,500 copies to their membership, including state and local park and planning officials. Copies were also distributed to summer camps, private schools, military installations that might have playgrounds, and departments of planning, architecture and recreation in a number of universities.

The initial distribution generated many more requests for the handbook. Requests come primarily from school systems, PTA's and community or church groups that are planning playgrounds, manufacturers of equipment, landscape architects and other playground designers, and park and planning officials. We have received very positive responses to the handbook, including several letters from PTA's or community groups who credited the handbook with local decisions to avoid, and in one case to remove, blacktop and hard surfacing materials under playground equipment. The General Services Administration plans to reference the handbook in specifications for GSA contract work for day care centers and other facilities. In addition, the Commission's handbook and its recommendations are to be discussed at the annual convention of the American Association for Leisure and Recreation next month; 8,000 attendees are expected.

Question: How have you evaluated the effectiveness of this campaign?

Answer: It is often difficult and expensive to evaluate in quantitative terms whether a particular information or education campaign has been successful in raising consumer awareness about product safety. However, we are aware of examples where the Playground Safety Handbook has been used in the design of playground facilities around the nation.

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RECALLS

Question: On January 15, you announced the recall of more than 2,000 gas control valves used in heating appliances fueled by LP gas because they may might create an explosion hazard. In that announcement, you noted that the CPSC staff is continuing to investigate the use of 2.5 million control valves used in heating appliances fueled

by natural gas to determine whether a similar explosion hazard is present.

Have you concluded your investigation?

Answer: The Commission's investigation is not yet concluded. Normally, natural gas presents less of a hazard than LP gas because it is lighter than air and does not sink down and form explosive pools of gas as does LP gas. We are conducting a major effort to determine the hazards associated with the Honeywell gas valves when used with natural gas. We are searching all available data bases for information on fire and explosions, and are contacting gas and utility companies for information they might have on this problem. We hope to have this investigation concluded in the near future.

Question: Could you please provide for the record a listing of the recalls during FY 81 and FY 82 and indicate the number of products involved in these recalls.

Answer: During FY 1981 there were a total of 348 recalls involving approximately 9.8 million products. As of March 1, 1982 CPSC has initiated 72 recalls involving approximately 5.7 million products. Following is a list of recalls monitored by CPSC during FY 1981 and FY 1982.

Consumer Product Safety Commission - Fiscal Year 1982 Recalls

ID #	Manufacturer	Product	
82-01	Brown Group Rec. Ind., Inc.	Portable Alcohol Stove	
82-02	Air Rifle Hqts.	Air Rifle	
82-03	Sears, Roebuck & Company	Outdoor Gas Grille (Cylinder)	
82-04	Carrier Corp.	Air Conditioning-Heating Unit	
82-05	Graco Metal Products, Inc.	Swyngomatic Converta-Cradle	(Recall Pending)
82-06	Union Carbide Corp.	(Starting Fluid) Cans	
82-07	McCulloch Corporation	Elec. Chain Saws	
82-08	Brass Craft Manufacturing Company	Gas Cocks	
82-09	Yamaha Motor Corporation, U.S.A.	Snowmobiles	
82-10	Community Playthings	House Gym	
82-11	The Coleman Company, Inc.	Fuel Containers	
82-12	Ralph Shrader, Inc.	Carburetor Cleaner Containers	
82-13	Chloride, Inc.	Smoke Detector	
82-14	Lechmere Sales	Deck Chair	
82-15	General Electric Co.	Portable Color Television Set	

ID #	Manufacturer	Product	
82-16	Gabriel Industries	Wonder Horse Spring-Mounted Rocking Horses	(Recall Pending)
82-17	Hydro Air Industries, Inc.	Suction Fittings for Hot Tubs, Spas, Whirlpools	
82-18	Mid State Manufacturing Corp.	Clamp Lamp	
82-19	Jonti-Craft Inc.	Toddler Gym	(Recall Pending)
82-20	Holbrook-Patterson Inc.	Mini-Gym	
82-21	Moss Manufacturing Co., Inc.	Ceiling Fan	(Recall Pending)
82-22	R.A. Townsend Company	Steel Chimney	
82-23	Monarch Mirror Door Co., Inc.	Bi-fold Mirror Door	
82-25	Dacor	Bonnet Nuts on Valves in Diving Tanks	
82-26	American Toy & Funiture Company, Inc. Sear, Roebuck & Company	Play Gym	(Recall Pending)
82-27	Reliance Products Corp	Squeeze Toy	(Recall Pending)
82-28	John Wright Company	Stove Kettle	
82-29	Gerico, Inc.	Baby Back Pack Carrier	(Recall Pending)
82-30	Smith & Wesson	Co2 Target Pistols	
82-31	Daisy Manufacturing Co.	Target Pistols	(Recall Pending)

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0001	Toy Turtle-Mechanical Susi-Baby #5902 Small World Toys 5711 Buckingham Parkway Culver City, Calif.	Violation of FHSA Lead in paint, 16 CFR 1303	
82-0002	Tris-treated Children's Sleepwear Name Brands Inc. 6580 E. Skelly Drive Tulsa, Iklahoma 74145	Banned hazardous substance because of TRIS. FHSA Section 2(q)(1)(A)	
82-0003	Oriental Style Children's Pajama Gin Chiao Enterprise Company Inc. 49 West 27th Street New York, New York 10001	Failed to Comply with Children's Sleepwear Standards 16 CFR 1615 & 1616	
82-0004	Omega Super Coolant & Rust Preventative Omega Inc. Julio-Motos Industrial Park Carolina, P. R. 00631	Lacks CRC 16 CFR 1700.14(a)(11)	
82-0005	Refuse Bin Maggio Brothers Inc. 350 Beach 80th Street P. O. Box 124 Rockaway Beach, New York 11693	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted

RN# - Recall Number
FHSA - Federal Hazardous Substances Act
FFA - Flammable Fabrics Act
CPSA - Consumer Product Safety Act
PPPA - Poison Prevention Packaging Act

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0006	Refuse Bins Embassy Carting Co. 2067 W. 11th Street Brooklyn, N. Y. 11223	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
82-0007	Refuse Bins G. T. M. Carting, Inc. 1887 Stillwell Avenue Brooklyn, New York 11223	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0008	Refuse Bins Ace Carting Co., Inc. 156 Leroy Street New York, New York 10014	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
82-0009	Refuse Bins F. Van Demark Sanitation Bert-Crawford Road Middletown, New York 10940	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0010	Refuse Bins Pioneer Carting Corp. 82 Allendale Road Staten Island, New York 10305	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
82-0011	Refuse Bins D & D Carting Company 533 W. 26th Street New York, New York 10001	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0012	Refuse Bins J. Cafaro Carting 130 E. 18th Street New York, New York	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0013	Refuse Bins Adam Reinemann Route 146, RD #3 Altamont, New York 12009	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0014	Refuse Bins Frank Notarangelo Carting Service 70 Penna Avenue Montvale, New Jersey 07645	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0015	Refuse Bins M. Buldo Disposal 115 Redding Avenue So. Plainfield, N. J.	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0016	Refuse Bins C. P. Franco & Company 131 Patterson Street Hillsdale, New Jersey	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0017	Refuse Bins C. A. Carbone Inc. 183 Western Highway W. Nyack, N. Y.	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0018	Refuse Bins Star Carting Company 94 Denton Avenue Garden City Park, N.Y.	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0019	Refuse Bins A. J. Mckenna 15155 East Avenue Albion, New York 14411	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0020	Refuse Bins Marsceill's Disposal 3728 W. Main Street, Rd. Batavia, New York 14020	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0021	Refuse Bins Twin Tier Disposal Route 305, P.O. Box 413 Portville, N. Y. 14760	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0022	Refuse Bins Requonnock Sanitation 259 Black Oak Road Wayne, New Jersey 07470	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0023	Refuse Bins Cal Carting Corp. 402 So. 16th Street Lindenhurst, N.Y. 11757	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0024	Refuse Bins Action Sanitation Service 27 Lincoln Street S. Farmingdale, N.Y. 11735	Violation of Ban of Unstable Refuse Bin	Retrofitted

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0025	Children's Sleepwear Harriets Carter Gifts Inc. Stump Road Montgomerville, Pa.	Failed to comply with Children's Sleepwear Standards 16 CFR 1615 1616	Personalized Nite Gown Style D7959
82-0026	Refuse Bins Pratt's Disposal Woolston Road Holcomb, N.Y. 14469	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0027	Refuse Bins Heritage Carting Corp. 60 Antin Place	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0028	Chime Roly Poly Easter Unlimited 90 Hazel Street Glen Cove, N.Y. 11542	Violation of small parts & Use and Abuse test 16 CFR 1500.18(a)(9)	
82-0029	Refuse Bins Eldon Ayers Box 7 Layton, New Jersey 0785	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0030	Refuse Bins Mansch Disposal 1161 Route 202 Sumerville, N. J.	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0031	Anti-forg Solution Beconta Inc. 50 Executive Blvd. Elmsford, New York 10523	Labeling violation FHSA 16 CFR 1500.7	

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0032	Bicycle Pedal Refector Murray Ohio 219 Franklin Road Brentwood, Tenn. 37027	Violation of Section 1512.16(e)	All pedals were replaced with pedals manufactured by Wald, Mayesville, Kentucky
82-0033	Refuse Bins Meeker Avenue Space Carting 315 Engle Street Tenafly, New Jersey 07670	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0034	1 Gal. Golden Glow Kerosene Golden Glow Petroleum Product 6325 Blueridge Blvd. Suite C Kansas City, Missouri 64133	Labeling violation Lack signal words, 16 CFR 1500.121	
82-0035	Gaint Burstine Comet Fire Work Devices Pro-Tech Inc. 4121 Nine Mile Road Ft. Worth, Texas 76135	Rapid Side Ignition violation of 16 CFR 1507	
82-0036	Refuse Bins Brown Waste Co., Inc. 150 Wooster Street New York, N.Y. 10012	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted

RN # DATE	PRODUCT AND MANUFACTURER	VIOLATION	ACTION
82-0037	Refuse Bins F. F. Sanitation Service, Inc. 547/49 West 21st Street New York, N.Y. 10011	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0038	Refuse Bins Bavaro Carting Corp. 54 Jay Street Brooklyn, N.Y. 11201	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	Retrofitted
82-0039	Refuse Bin Rainbow Rubbish Removal RD 1 Union Spring, N.Y. 13160	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	
82-0040	Refuse Bin J. Raite Rubbish Removal Company P.O. Box 175 Syracuse, N.Y. 13208	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	
82-0041	Refuse Bin William Tursi Inc. 2 Cliff Drive Bayville, N.Y. 11709	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	
82-0042	Refuse Bin N. Vaccaro Corporation 176 27th Street Brooklyn, N.Y. 11232	Violation of Ban of Unstable Refuse Bin 16 CFR 1301	

Consumer Product Safety Commission - Fiscal Year 1981 Recalls

ID #	Manufacturer	Product	
81-01	Parise & Sons, Inc.	Carpet Cleaning Equipment	
81-02	Hartz Mountain Corp.	Carpet Cleaning Equipment	
81-03	Harley-Davidson Motor Co., Inc.	Golf Car	
81-04	Thrifty Corp.	Folding Chair	
81-05	Houston Water Coaster, Inc.	Waterslide	
81-06	Bird Engineering	Go-Cart	
81-07	Pathfinder Auto Lamp Co.	Bicycle Pump	
81-08	Mac's Inc.	Starting Fluid Containers	
81-09	Kilinski Mfg. Co.	Round-Up Amusement Ride	
81-10	Queston Corporation	Portable Crib	
81-11	The Ritz Fan Co.	Ceiling Fan	
81-12	North American Systems Inc.	Coffee Maker	
81-13	T-Fal Corporation	Portable Butane Stove	
81-14	Southland Paint Company	Aerosol Aluminum Paint Cans	
81-15	AMC Manufacturing Co.	Clamp Lamp	(Prospective Correction)

ID #	Manufacturer	Product	
81-16	Cable Electric Products Inc.	Clamp Lamp	(Prospective Correction)
81-17	Carol Cable Co.	Clamp Lamp	(Prospective Correction)
81-18	Cornish Wire Products	Clamp Lamp	(Prospective Correction)
81-19	Eagle Elec. Mfg. Co. Inc.	Clamp Lamp	(Prospective Correction)
81-20	Electrocraft Corp.	Clamp Lamp	(Prospective Correction)
81-21	Electrical Conductors, Inc.	Clamp Lamp	(Prospective Correction)
81-22	Gem Electric Mfg. Co. Inc.	Clamp Lamp	(Prospective Correction)
81-23	L & L Mfg. Co.	Clamp Lamp	(Prospective Correction)
81-24	Leviton Mfg. Co. Inc.	Clamp Lamp	(Prospective Correction)
81-25	Mid State Mfg. Corp.	Clamp Lamp	(Prospective Correction)
81-26	Pacific Electricord Co.	Clamp Lamp	(Prospective Correction)
81-27	Power Cords and Cables Corp.	Clamp Lamp	(Prospective Correction)
81-28	Tudo Electric Co. Inc.	Clamp Lamp	(Prospective Correction)
81-29	Sears Roebuck & Company	Men's Terrycloth Robes	
81-30	Kiwi Polish Company	Aerosol Frypan Cleaner Cans	
81-31	Sun Hill Industries, Inc.	Vacuum Cleaner Attachment	
81-32	Batus Retail Division Gimbel Brothers, Inc.	Alcohol Burner Fondue Pot	

ID #	Manufacturer	Product	
81-33	Scott and Fetzer Co.	Power Winch	
81-34	J. C. Mfg. Co.	Extension Cords	
81-35	Qume Corporation	Switching Power Supply	
81-36	Sears, Roebuck & Co.	Roto-Spader	
81-37	Roper Corporation	Roto Tillers	
81-38	Rockwell International Corp.	Motorized Electric Saw Table	
81-39	Bombardier Ltd.	Snowmobile	
81-40	Auerbach Bath Robe Corp.	Men's Terrycloth Robe	
81-41	Rogers Electronic Corp.	Clamp Lamp	(Prospective Correction)
81-42	Scorpion Industries, Inc.	Snowmobile	
81-43	Pearl, Inc.	Clamp Lamp	(prospective correction)
81-44	Benjamin Haber, Inc.	Clamp Lamp	(prospective correction)
81-45	Yamaha International Corp.	10-Speed Bicycle	
81-46	Emerson Electric Company	Electronic Air Cleaner	
81-47	Sears, Roebuck & Company	Jenny Lind Full Size Cribs	
81-48	Montgomery Ward	Jenny Lind Full Size Cribs	
81-49	J. C. Penney Company, Inc.	Jenny Lind Full Size Cribs	
81-50	Beacon Enterprises	Exercise Bicycle	

ID #	Manufacturer	Product	
81-51	Child-Life Play Specialties, Inc.	Toddlers Gym with Ladder	
81-52	Arctic Enterprises, Inc.	Snowmobile Ice Stud Kits	
81-53	Atlas Tool & Mfg. Co.	Electric Lawnmowers	
81-54	Continental Gourmet Corp.	Espresso/Cappucino machine	
81-55	H.U.D.D.L.E.	Children's Gym	
81-56	Black & Decker, Inc.	Lawnmower	
81-57	Jandorf Industries	Clamp Lamp	(prospective correction)
81-58	Bombardier Ltd.	Snowmobile	
81-59	Friederich Air Conditioning	Gas-Fired Furnaces	
81-60	Longwood Mfg. Corp.	Furnace	
81-61	Heil Quaker Corp.	Furnace	
81-62	Namestuffs, Inc.	Crib Exerciser (toy)	
81-63	Thermo-Tec, Inc.	Quartz Heater	(recall pending)
81-64	Communa-K Sign Company	Electric Portable Sign	
81-65	Kiddie Kuddles, Inc.	Crib Exerciser (toy)	
81-66	Deere & Company	Snowmobile	
81-67	Mark Engineering, Inc.	Whistle Switch	(recall pending)
81-68	Kight Industries, Inc.	Vent Restrictor	(recall pending)

14-067 O - 83 - 10

ID #	Manufacturer	Product
81-69	Electro-Plastics, Inc.	Crib Gym (toy)
81-70	Sunset House	Energy Saver Light-bulb Reflector
81-71	Chadwick-Miller, Inc.	Energy Saver Light-bulb Reflector
81-72	General Instrument Corp.	Antenna Pre-Amplifier
81-73	National Hanger Co., Inc.	Clothes Hanger
81-74	J. C. Penney Co., Inc.	Camera Strobe
81-75	Honeywell, Inc.	Automatic Vent Damper
81-76	Marksman Products, Inc.	Air Rifle
81-77	The Tappan Company	Gas Range
81-78	Worthington Industries, Inc.	Gas Cylinders for Outdoor Grille
81-80	New York Bronze Powder Co., Inc.	Spray Paint Cans
81-81	Rust-Oleum Corp.	Cans of aluminum paint
81-82	Marshall Field & Company	Sparkling Wine Bottles
81-83	Contemporary Times, Inc.	Baby Crib
81-84	Arkla Industries	Gas Cylinders for Outdoor Grille
81-85	Turko Industries	Gas Cylinders for Outdoor Grille

ID #	Manufacturer	Product
81-86	Coleman	Gasoline Containers
81-87	Pines of America, Inc.	Infant Seat/Carrier
81-88	Scientific Atlanta, Inc.	Television Set Top Terminals (used for cabel TV)
81-89	Westinghouse Electric Corp.	Gas Furnace
81-90	West Bend Company	Convection Plus Skillet/ Broiler Oven
81-91	The Enterprise Companies	One-Gallon Aluminum Paint Containers
81-92	Beeman's Precision Airguns, Inc.	Air Rifles
81-93	Dynamit Nobel of America, Inc.	Air Rifles
81-94	Noel Joanna, Inc.	Crib Bumper Pad
81-95	Lever Brothers Company, Inc.	Beverage Dispenser
81-96	Deere & Company	Lawn & Garden Tractors
81-97	Neosho Products Company	Outdoor Grille Cylinder
81-98	Locke Stove Co.	Outdoor Grille Cylinder
81-99	W.C. Bradley Enterprises	Outdoor Grille Cylinder
81-100	Encon Industries	Ceiling Fan

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0001	School Years Wood Puzzle Etna Products Co., Inc. 53 E. 23rd Street New York, NY 10010	Sharp points, small parts, lead-in-paint FHSA 16 CFR 1500.48 and 16 CFR 1303.(1)	Destroyed
81-0002	Refuse Bins H.J. McGraw & Sons Time Station P.O. Box 295 New York, NY 10036	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0003	Children's Sleepwear Slumbertog Inc. 135 Madison Avenue New York, NY 10001	Banned hazardous substance because of TRIS. FHSA Section 2(q)(1)(A)	Converted into wiping cloths
81-0004	Children's Sleepwear Thurston Motor Lines 600 Johnston Road Charlotte, NC 28213	Banned hazardous substance because of TRIS FHSA Section 2(q)(1)(A)	Sold to Southern Wipers Inc., Charlotte, NC and cut into wiping cloths
81-0005	Glazed Panel Wedig Glass & Mirror 2140 Kentucky Street Kenver, LA 70062	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0006	Refuse Bins Matthews Trucking 11529 Kelton Avenue Cleveland, OH 44106	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0007	Refuse Bins School's Sanitation, Inc. 42489 Irwin Road Mt. Clemens, MI 48043	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0008	Refuse Bins Barnier Trucking Service 100 West Street Essex Junction, VT 05452	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0009	Refuse Bins Casella's Refuse Removal Inc. P.O. Box 208 Rutland, VT 55736	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0010	Glazed Panels A&S Glass Company 1126 North Zang Dallas, TX 75203	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0011	Glazed Panels Eoff & Co. 1396 Pettigrew Fayetteville, AR 72701	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0012	Young Times Play Rattles Stahlwood Toy Mfg., Co., Inc. 601 N. 50th Street New York, NY 10019	Banned Rattle 16 CFR 1500.18(a)(15)	Destroyed

RN# - Recall Number
FHSA - Federal Hazardous Substances Act
FFA - Flammable Fabrics Act
CPSA - Consumer Product Safety Act
PPPA - Poison Prevention Packaging Act
* - Recall or Corrective Action Currently Ongoing

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0013	Refuse Bins Downum & Sons Sanitation Service P.O. Box 182 Hoxie, AR 72433	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0014	Moz-All Brand Walk Behind Power Mowers George Brown & Sons Ltd., dba Hull Industries Co. 910 Main Hull, IA 51239	Violation of Mower Labeling Requirements 16 CFR 1205.6	Relabeled
81-0015	Refuse Bins Cook Disposal 529 So. Main Street Hickville, OH 43526	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0016	Fireworks A A Quality Firework 1014 North Main Pearland, TX 77501	Banned Hazardous Substance 16 CFR 1507	Returned goods are being held pending disposition
81-0017	Refuse Bins V. Cirincione 718 Filbert Street Roselle Park, NJ 07268	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0019	Bristle Block Sets #806, #807 and #808 Playskool, Inc. Division of Milton Bradley 4501 W. Augusta Chicago, IL 60651	Violation of Small Parts, 16 CFR 1500.18(a)(9)	Destroyed
81-0020 to 81-0031	Stuffed Pot Belly Bears Style 5003 Daekor Division of Hudson Brands Trading Company Ltd. 41 Madison New York, NY 10010	Violation of Small Parts, 16 CFR 1500.18(a)(9)	*
81-0032	Refuse Bins Ulster County Sanitation Inc. 42 Brewster Street Kingston, NY 12401	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0033	Glazed Panels Tusco Glass Inc. 410 N. Tuscarawas Avenue Dover, OH 44622	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0034	Glazed Panel Sylvist Cabinet & Glass Works, Inc. 931 Columbia Street Bogalusa, LA 70427	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0035	Toy Tomahawks Dan Brechner & Co., Inc. 50 Carnation Avenue Floral Park, NY 11001	Violation of CPSA and FHSA Excessive Lead in Paint and Small Parts 16 CFR 1303 and 1500.18(a)(9)	Destroyed
81-0036	Refuse Bins Hodges Sanitation 423 Hazel Street Beloit, WI 53511	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0037	Refuse Bins Wilenta Brothers Inc. Cedarbridge Avenue Lakewood, NJ 08701	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0038	Wired Glass Door Panels Thurman-Fondren Glass Company Inc. 4233 So. Padre Island Drive Corpus Christi, TX 78411	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0039	Refuse Bins Roland Parlett Refuse 6234 Ebenezer Road Baltimore, MD 21220	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0040	----------VOIDED----------		
81-0041	Refuse Bins Lombardi Refuse Disposal 156 Bringhton Erie, PA 16509	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0042	----------VOIDED----------		
81-0043	Refuse Bins Denver Gowdard Trash Removal 1746 L Street, N.E. Washington, D.C. 20002	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0044	----------VOIDED----------		
81-0045	Refuse Bins Danley's Disposal P.O. Box 454 Sunbury, PA 17801	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0046	Glazed Panel Shiloh Glass 419 E. Emma Springdale, AR 72764	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0048	Refuse Bins Rupodi Inc. 3017 E. 83rd Street Cleveland, OH 33104	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0049	Refuse Bins Manigault Rubbish Service P.O. Box 112 Youngstown, OH 44511	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0050	Refuse Bins Didion's Garbage & Rubbish 202 Arlon Street Bellevue, OH 44811	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0051	Refuse Bins L. F. Fultz & Son Hauling 300 No. Main Clycle, OH 43410	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0052	Refuse Bins Jerry's Rubbish Service 5210 Handcock County Road 18 Findlay, OH 45840	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0053	Europlastic Ambitoys Toy Telephones Marshall Field & Co. 111 No. State Street Chicago, IL 60690	Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed
81-0054	Refuse Bins Bosenki Disposal Service 178 Tippett Road Honey Brook, PA 19344	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0055	Refuse Bins Penn Ridge Co., Inc. 100 W. Main Street Suite 410 Lansdale, PA 19446	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0056	Refuse Bins Fitzburgh Sanitation Service Route 1, Box 95 Warrenton, VA 22186	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0057	Refuse Bins Russell J. Harrison, Jr. 1101 Gwynedd Avenue Pennlyn, PA 19422	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0058	Refuse Bins Donato Brothers 111 Milmont Avenue Milmont Park, PA 19033	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0059	Refuse Bins William Adams & Sons 2821 S. Franklin Street Philadelphia, PA 19148	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0060	Refuse Bins L. H. Imhoff Enterprises 6092 Fall Road Baltimore, MD 21209	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0061	Refuse Bins M. Winbish & Sons Inc. 127 56th Place, S.E. Washington, D.C. 20019	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0062	Refuse Bins Wilburn Hauling Co. 2404 Elvans Road, S.E. Washington, D.C. 20020	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0063	Refuse Bins Beltsville Refuse 6140 Odell Road Beltsville, MD 20705	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0064	Refuse Bins G & H Hauling Inc. 8303 Sprague Place Hyattsville, MD 20705	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0065	Refuse Bins E. Cockey Trash Removal 3400 Halcyon Road Stevenson, MD 21155	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0066	Refuse Bins Leonard B. Parker, Jr., Refuse 4100 Black Rock Road Upperco, MD 21155	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0067	Refuse Bins Al's Refuse Service, Inc. 4115 Muncaster Mill Road Rockville, MD 20850	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0068	Refuse Bins Calhoun Trash Service, Inc. 1816 22nd Street, S.E. Washington, D.C. 20020	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0069	Glazed Panels Pollack Glass Co. 829 Robinwood Court Traverse City, MI 49684	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0070	Refuse Bins J & S Sanitation 3133 W. Temperance Temperance, MI 48182	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0071	Glazed Panels Hopper's Mirror & Glass Inc. 880 E. Bayley Wichita, KS 67211	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0072	Glazed Panels Rolla Paint & Glass Inc. 206 S. Highway 63 Rolla, MI 65401	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0073	Glazed Panels Parker Glass & Door Service 2212 Lakewood Drive Brandon, FL 33511	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0074	Glazed Panels Pete's Glass Inc. 4305 West South Avenue Tampa, FL 33614	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0075	Glazed Panels Professional Glass Inc. 11203 Sheldon Road Tampa, FL 33615	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0076	Glazed Panels Eastside Glass & Mirrors 2010 Curry Ford Road Orlando, FL 32806	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0077	Glazed Panels Garner Glass Co. 372 Cotham Drive Huntingdon, TN 38344	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0078	Glazed Panels Shamrock Glass Co. 200 DeLeon Drive Charlotte Harbor, FL 33950	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0079	Glazed Panels Blythe Glass Co. 2402 W. Hobson Way Blythe, CA 92225	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0080	Paints Aqua-Craft 7992 Miramar Road San Diego, CA 92126	Violation of CPSA, Lead in Paint 16 CFR 1303	Destroyed
81-0081	Chinese Dragon Plastic Toys Imperial Toy Corporation 260 E. 7th Street Los Angeles, CA 90014	Violation of CPSA, Lead in Paint in Excess of 0.06% 16 CFR 1303.4(b)	Returned to manufacturer
81-0082	Stuffed Animals Kamar International Inc. 23639 Hawthorne Blvd. Torrance, CA 90505	Violation of Small Parts 16 CFR 1500.18(a)(9)	*
81-0083	Stuffed Sitting Bears West Coast Liquidators 2430 Del Amo Blvd. Carson, CA 90744	Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed
81-0084	Mickey Mouse Bean Bag Toys Walt Disney Production Inc. Buena Vista International 350 So. Buena Vista Burbank, CA 91521	Violation of Small Parts 16 CFR 1500.18(a)(9)	Returned to the firm's supplier
81-0085	Glazed Panels Glassarama Inc. 1404 10th Street Lake Park, FL 33403	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0086	----------VOIDED----------		
81-0087	Refuse Bins A. J. Dietrick 1410 Sterling Street Shamokin, PA 17872	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0088	Refuse Bins Spencer Disposal 2424 E. 38th Street Erie, PA 16510	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0089 to 81-0110	Stuffed Animals Target Stores Division of Dayton Hudson Corp. 777 Nicollet Mall Minneapolis, MN 55402	Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed
81-0111	Refuse Bins Pezzani & Reid Equipment Company Inc. 3960 W. Fort Street Detroit, MI 48216	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0112	Swiss Jumper (Children's Sleepwear) Garnet Hill Inc. P.O. Box 262 Franconia, NH 03580	Failed to Comply With Children's Sleepwear Standards 16 CFR 1615 and 1616	Returned to Foreign Manufacturer

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0113	Glazed Panels Clearvue Glass Co. Cone Street P.O. Box 724 Statesboro, GA 30458	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0114	Musical Bears F.A.O. Schwarz 745 5th Avenue New York, NY 10022	Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed or returned to manufacturer
81-0115	Stuffed Toy Moose Dan Brechner & Co. 50 Carnation Avenue Floral Park, NY 11030	Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed
81-0116	Glazed Panels Jem Glass & Service Co. 309 Main Street Moore, OK 73160	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0117	Dye Cast Metal Mini-Sprinter Cars Lachman-Rose Company 3200 Hudson Street San Antonio, TX 78295	Violation of Lead in Paint 16 CFR 1303	Destroyed
81-0118 to 81-0121	Polochinelle Gowns & Pajamas Interocean Distributor Inc. 110 W. 34th Street New York, NY 10001	Failed to Comply With Children's Sleepwear Standards 16 CFR 1615 and 1616	*
81-0122	Pot Belly Stuffed Animals Mervyn's 25001 Industrial Blvd. Haywood, CA 94545	Wires in Stuffing in Violation of Small Parts 16 CFR 1500.18(a)(9)	Reconditioning
81-0123	Stuffed Animals - 12" Pandas and Siberian Bears Meijur Inc. 2727 Waiku Avenue, S.W. Grand Rapids, MI 49504	Wires in Stuffing in Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed
81-0124	Refuse Bins Reliable Disposal Service 173 Vine Street Batavia, NY 14020	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0125	Glazed Panels Klein Glass & Mirror Co. 10750 F. M. 1960 W Houston, TX 77070	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0126	Refuse Bins Andy Disposal Service 1728 W. 8th Street Erie, PA 19505	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0127	Siberian Stuffed Bear Jerry Elsner Co., Inc. 395 Brook Avenue Bronx, NY 10454	Banned Small Parts 16 CFR 1500.18(a)(9) Wires in the Stuffing And Failures During Seam Testing	All the returns were completely restuffed with foam rubber
81-0128	Refuse Bins Intra City Waste Material 235 Gibbs Avenue Trenton, NJ 08611	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0129	Children's Sleepwear A & B Wipers Inc. 116 Fountain Street Philadelphia, PA 19127	Banned Hazardous Substance Because of TRIS FHSA Section 2(q)(1)(A)	*
81-0130 to 81-0136	Poodle, Monkey, Frog, Puppy Dog, Leopard, Goat and Baby Raccoon Hudson Brand Trading Company Ltd. 41 Madison Avenue New York, NY 10010	Banned Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0137 81 0138	Petunia Pig and Toppo Bear Russ Berrie & Co., Inc. 111 Bauer Drive Oakland, NJ 07436	Banned Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0139	Stuffed Plush Indian Girl and Boy Fun World Division of Easter Unlimited Inc. 90 Hazel Street Glencove, NY 11542	Banned Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0140	Squeeze Me Bear Atlanta Novelty Division of Gerber Products 4734 33rd Street Long Island City, NY 11101	Banned Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0141	Toy Trains Phillip Stahl, Inc. 10 1st Street Pelham, NY 10803	Small Part and Excessive Lead in Part 16 CFR 1500.18(a)(9) and 1303	Frozen in inventory
81-0142	Tiger Bicycles Charles Baillargen 900 Seattle Tower Bldg. Seattle, WA 98101	Bicycles Failed Frame and Fork Test 16 CFR 1512	Corrected
81-0143	Refuse Bins Son Mar Carting 2910 Route 112 Medford, NY 11763	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0144	Refuse Bins Kurtz Rubbish Inc. 638 W. Maple Street Hartville, OH 44632	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0145	Paint Luna Paint Corp. D-47 Minillas Industrial Park Bayamon, PR 00619	Excessive Lead 16 CFR 1303	All were destroyed
81-0146	Refuse Bins Township of Aberdeen P.O. Box 70 Aberdeen, MD 21001	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0147	Refuse Bins Drapper's Refuse Collector Sharpsburg Pike Sharpsburg, MD 21782	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0148	Bean Bag Toys Animal Fair Inc. 7780 Bush Lake Road Minneapolis, MN 55440	Violation of Small Part 16 CFR 1500.18(a)(9)	Frozen in inventory

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0149	Refuse Bins Metro Disposal Corp. 440 Smith Street Keasby, NJ 08832	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0151	Stuffed Toys Dan Brechner & Co. 50 Carnation Avenue Floral Park, NY 11001	Violation of Small Parts 16 CFR 1500.18(a)(9)	Destroyed
81-0152	1st Colony Vitamins w/Iron Zayre Corporation 770 Cochituate Road Framingham, MA 01701	Violation of PPPA 16 CFR 1700.14(a)(13)	Corrected
81-0153 to 81-0155	Magnetic Dog, Rabbit and Xylophone Play-A-Tune Chadwick-Miller Inc. Pequot Industrial Park 300 Turnpike Street Canton, MA 02021	Violation of Small Parts 16 CFR 1500.18(a)(9) and Sharp Edges, 1500.49	Frozen in inventory
81-0156	Ball-In Cup Toy Bandwagon Inc. 54 Industrial Way Wilmington, MA 01887	Violation of Excessive Lead in Paint 16 CFR 1303	No units were Returned
81-0157	Refuse Bins Mauriello Disposal Inc. 50 Park Street Orange, NJ 07050	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0158	Children's Sleepwear John R. Lyman Co. 60 Depot Street Chicopee, MA 01012	Banned Hazardous Substance Because of TRIS FHSA Section 2(q)(1)(A)	Converted into wiping cloths
81-0160	Glazed Panels Bishop Glass & Mirror Service 1413 W. 47th Street Chicago, IL 60609	Violation of the Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0161	Cava Sweat Shirts Grace International Apparel Inc. 350 5th Avenue New York, NY 10018	Failure of the Garment Wearing Apparel Standard 16 CFR 1610	Frozen in warehouse
81-0162	Jumping Jack Fireworks Alamo Fireworks P.O. Box 18102 San Antonio, TX 78218	Banned Hazardous Substances 16 CFR 1507	None recovered
81-0163	Refuse Bins Superior Disposal 3126 M0151 Temperance, MI 48182	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0159	Cricket Noise Makers B. Schackmar and Co. 85 5th Avenue New York, New York	Violation of Sharp Edges 16 CFR 1500.49	Frozen in Inventory Returned to Distributor

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0164	Panel Lite Marty's Glass & Home Repair 5115 Plains Road, Rt. 1 Onondaga, MI 49264	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0165	Refuse Bins CBS Rubbish Removal 227 Bergen Court Copiague, NY 11726	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0166	Refuse Bins A. J. Sailor Trash Removal 941 Washington Lane Croydon, PA 19020	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0167	Refuse Bins Marvin's Trash Service 422 No. Patrick Street Alexandria, VA 22314	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0168	Refuse Bins George W. Harrison Company Inc. 1985 Muhlenberg Drive Landale, PA 19446	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0169	Refuse Bins A&H Garcias Trucking Service Inc. 2392 Cloudcraft Square Reston, VA 22091	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0170	Refuse Bins Warren Linderman 2910 Kutztown Road Reading, PA 19605	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0171	Tris-Treated Garments Comfee P. J. Manufacturing Company, Inc. 800 Acushnet Avenue New Bedford, MA 02740	Banned Hazardous Substance Because of TRIS FHSA Section 2(q)(1)(A)	*
81-0172	Tris-Treated Garments Ginger P. G. Inc. 42 Ruth Street New Bedford, MA 02744	Banned Hazardous Substance Because of TRIS FHSA Section 2(q)(1)(A)	*
81-0174 to 81-0176	Polyglycoat Sealant Cleaner Polyglycoat Protective Coatings Inc. 25 North Broadway Tarrytown, NY 10591	Violation of PPA 16 CFR 1700.14(a)(8)	*
81-0177	Refuse Bins Dunlap Disposal 1456 Allen Road Salem, OH 44460	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0178	Glazed Panels Meadville Plate Glass Co. 290 South Street Meadville, PA 16335	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Retrofitted
81-0179	Refuse Bins Bower's Sanitation D&T 5991 County Road 285 Whites Landing, OH 43464	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0180	Fireworks Westbank Fireworks Co. 1800 Lafayette Street Gretna, LA 70053	Banned Hazardous Substances 16 CFR 1507	*
81-0181	Refuse Bins Gaddy's Disposal 229 3rd Avenue Albany, NY 11210	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0182	Refuse Bins Cartwright Salvage Co. 839 Bogus Road Washington Courthouse, OH 43160	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0183	Children's Sleepwear Sleepwear Inc. One West 34th Street New York, NY 10001	Banned Hazardous Substance Because of TRIS FHSA Section 2(q)(1)(A)	*
81-0184	Refuse Bins Town & Country Disposal 100 Commerce Street Chatham, NJ 07928	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0185 to 81-0186	Stuffed Animals R. Dakin Co. 499 Point San Bruno Blvd. San Francisco, CA 94080	Violation of Small Parts 16 CFR 1500.18(a)(9)	Frozen in Inventory
81-0187	Refuse Bins Huth's Disposal 3329 Albrecht Akron, OH 44312	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0188	Sitting Stuffed Animal Ass't Fun World 90 Hazel Street Glen Cove, NY 11542	Violation of Small Parts 16 CFR 1500.18(a)(9)	Frozen in Inventory
81-0189	Koala Bear Bean Bag Dan-Dee Import 106 Harbor Drive Jersey City, NJ 07305	Violation of Small Parts 16 CFR 1500.18(a)(9)	Return to overseas manufacturer
81-0190 to 81-0192	Toy Stuffed Bears Far East International 1182 Broadway New York, NY 10001	Violation of Small Parts 16 CFR 1500.18(a)(9)	Frozen in Inventory
81-0193	Glazed Panels County Glass Company Highway 62 West Pocahontas, AR 72455	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0194	Refuse Bins Hems Brothers 327 Wood Street Bristol, PA 19007	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0195	Baby Crib Southern California Pine Furniture 628 E. 79th Street Los Angeles, CA 90001	Violation of the Crib Standard 16 CFR 1508	*
81-0196	Refuse Bins Wooden & Son Trucking 2410 Vendome Drive Columbus, OH 43219	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0197	Toy Hammer, Merry Bells & Jump-E-Jack Exercisers Baby World Company Inc. P.O. Box 21? Gratton, WV 26354	Violation of Small Parts 16 CFR 1500.18(a)(9)	*
81-0198	Portable Crib Major Lab Manufacturing Company 4408 North Sewell Oklahoma City, OK 73118	Violation of Upper Mattresses Support 16 CFR 1509	Retrofitted
81-0199	Glazed Panels West Detroit Glass Co. 4500 Stecker Avenue Dearborn, MI 48121	Violation of Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0200	Refuse Bins Harry Myers Disposal Service 25 W. Erie Street Temperence, MI 48182	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0201	Refuse Bins Sisler Rubbish Disposal 992 Archer Street Bedford, OH 44146	Violation of Ban of Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0202	Lawn Mowers Allied Lawn Company P.O. Box 390 Pulaski, TN 38478	Violation of Labeling 16 CFR 1205	*
81-0203	Refuse Bins Mentor Disposal 8902 Mentor Avenue Mentor, OH 44060	Violation of Ban on Unstable Refuse Bin 16 CFR 1301	*
81-0204	Red Lantern Brand Small Festival Balls OK Fireworks 5401 W. Skelly Drive Tulsa, OK 74107	Banned Hazardous Substance 16 CFR 1507 1507	*
81-0205	Puppets, Item 5092 Heroheads, Item 5096 Lakeside Division of Leisure Dynamics 4400 W. 78th Minneapolis, MN 55435	Violation Lead in Paint Ban 16 CFR 1303	Frozen in inventory
81-0206	Toy Plastic Train Justen Pull-A-Long Mini Cho #33 Division Sales Inc. 640 No. La Salles Street Suite 350 Chicago, IL 60610	Violation of Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0207	Refuse Bins Thomas J. Manzo Inc. 44 Veuel Avenue Staten Island, NY 10304	Violation of Ban on Unstable Refuse Bin 16 CFR 1301	Retrofitted
81-0208	Refuse Bins South Jersey Sanitation Egg Harbor Road Hammonton, NJ 08037	Violation of Ban on Unstable Refuse Bin 16 CFR 1301	Retrofitted

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0209	Refuse Bins Henry Manzo Co. 724 Harding Highway Buena, NJ 08310	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0210	Refuse Bins Suthard Trash Removal Bridgton, NJ 08302	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0211	Fireworks Gulf Coast Fireworks Inc. 6800 Scenic Highway Baton Rouge, LA 70807	Banned Hazardous Substance 16 CFR 1507	None returned
81-0212	Refuse Bins Leetonia Sanitation 40573 Lodge Road Leetonia, OH 44431	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0213	Refuse Bins Midwest Disposal Service P.O. Box 1578 Wilmington, IN 47401	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	*
81-0214	Refuse Bins Anchor Disposal Service 1224 Haven Avenue Ocean City, NJ 08226	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0215	Refuse Bins Waszen Container Service Pleasantville, NJ 08232	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0216	Refuse Bins Henry J. Lewis Salem, NJ 08079	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0217	Refuse Bins Orville Moore Trash Malaga, NJ 08328	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0218	Glazed Panels Corona's Glass 2118 3rd Street Kenner, LA 70062	Violation of the Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0219	Refuse Bins City of Alexandria P.O. Box 71 Alexandria, LA 71301	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Replaced
81-0220	Refuse Bins Beichner's Route 380 Sinclairville, NJ 14782	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0221	Children's Sleepwear Family Dollar Stores Inc. P.O. Box Charlotte, NC 28212	Banned Hazardous Substance Because of TRIS FHSA Section 2(q)(1)(A)	*
81-0222	Refuse Bins Bay Ridge Carting Corp. 1683 Pershing Street North Valley Stream, NY 11580	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0223	China Children's Pajama Real Evergreen International Inc. 24 W. 28th Street New York, NY 10001	Failed to Comply with Children's Sleepwear Standards 16 CFR 1615 and 1616	*

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0224	Refuse Bins Fredonia Sanitary Service 4735 W. Lake Road Dunkirk, NY 14048	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0225	Refuse Bins Kennedy M. Disposal Corp. 419 Spate Street Perth Amboy, NJ 08835	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0226	Glazed Panels Valley Glass Co. 402 Niagara Street Utica, NY 13501	Violation of the Architectural Glazing Materials Standard 16 CFR 1201	Replaced
81-0227	Firework Devices Pyro Sonic Devices Corp. P.O. Box 711 Grand Haven, MI 49417	Banned Hazardous Substance 16 CFR 1507	Removed from sale
81-0228	Refuse Bins Cataract Disposal Inc. 1050 Military Road Kenmore NY 14217	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0229	Refuae Bins Country Side Disposal 248 N. North Street Otsego, MI 49078	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	Retrofitted
81-0230	Painted Wooden Hand Carved Trains World Ways Production 401 Beloit Avenue Los Angeles, CA 90049	Violation of Excessive Lead in Paint 16 CFR 1303	Frozen in inventory
81-0231 to 81-0237	Stuffed Animal Lamps And Musical Mobiles Nursery Originals Inc. 280 Rand Street Central Fall, RI 02863	Violation of Small Parts 16 CFR 1500.18(a)(9)	*
81-0238	Little Pal Cribs And Nursery Mobile #06490 Reliance Product Corp. 108 Madison Street Woonsocket, RI 02895	Excessive Lead in Paint 16 CFR 1303	Frozen in inventory
81-0239	Red Lantern Brand Small Festival Balls Red Rocket Fireworks, Inc. Route 1, Box 48 Ponchatou, LA 70454	Banned Hazardous Substance 16 CFR 1507	*
81-0240	Keep Klear Anti-Fog Solution Exxene Corp. 5939 Holly Road Corpus Christi, TX 78412	Misbranded Hazardous Substance FHSA Section 2(p)(1)	*
81-0241	Refuse Bins ABC Refuse Removal Inc. 1933 Bacharack Blvd. Atlantic City, NJ 08401	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	
81-0242	Refuse Bins Westfield Disposal Service 148 Union Street Westfield, NY 14787	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	*

RN #	PRODUCT AND MANUFACTURER	ALLEGED VIOLATION	ACTION
81-0243 to 81-0245	"Earth Satellite" Fireworks Giant Bursting Comet Handle Fountain Flower Basket K-226 Eagle Fireworks Inc. Route 2 Quaker City, OH	Banned Hazardous Substance 16 CFR 1507	
81-0246	Slinky Toy Train #200 James Industries Inc. P.O. Box 230 Hollidaysburg, PA 16648	Violation of Small Parts 16 CFR 1500.18(a)(9)	
81-0247	Teddy Bear Friendly Home Parties Inc. 20 Railwood Avenue Albany, NY 12205	Violation of Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0248	Tubby Tubbies Teddy Bears Dan-Dee Imports Inc. 106 Harbor Drive Jersey City, NJ 07305	Violation of Small Parts 16 CFR 1500.18(a)(9)	Frozen in inventory
81-0249	Refuse Bins Ubel Disposal Service Road #2 Flemington, NJ 08822	Violation of Ban on Unstable Refuse Bins 16 CFR 1301	
81-0250	Full Size Baby Cribs Burlington Industries Inc. 1345 Avenue of the Americas New York, NY 10019	Violation of Crib Standard 16 CFR 1508	
81-0251	Bicycles Fridrick Bicycle Inc. 3800 Lorain Avenue Cleveland, OH 44113	Misbranded, Violation of 16 CFR 1512	corrected

Question: Could you please provide for the record any additional cost that the Commission would need to follow up on all of its recalls during FY 83?

Answer: During FY 1982, the CPSC staff will conduct approximately 1,900 recall effectiveness checks at retailers and distributors to assure that recalled goods have been taken off sale and that these firms are cooperating with the recall. Based upon 1981 figures, we estimate that the agency will monitor approximately 350 recalls. This averages out to about 5.4 effectiveness checks per recall. Actual numbers of effectiveness checks assigned on individual recalls are based upon the priority of the recall and the number of consignees. It will take approximately three positions to conduct the 1,900 recall checks.

If "full monitoring" means that we would check each and every retailer or distributor who handled the product, this would require an exceedingly large amount of added resources. The number of consignees or locations to be checked varies greatly from perhaps only one or two (for example refuse bins or amusement rides) to many thousands of retail outlets (as may be the case with a popular toy). For purposes of this response let us assume that the "average" recalling firm distributes to approximatley 100 retailers and distributors; this would come out to approximately 35,000 recall effectiveness checks per year (100 consignees x 350 recalls). This would require approximately 55.7 positions or 52.7 positions more than planned for in FY 1982.

More realistically, if we raised the average effectiveness coverage from 5 to 20 effectiveness checks per recall, the result would be approximately 7,000 recall effectiveness checks, requiring approximately 11.1 positions or about 8.1 positions above what is currently projected for FY 1982.

The above discussion refers only to field monitoring. In addition to this, headquarters staff selectively analyzes and evaluates recall progress reports to determine if more notice on the part of the recalling firm is necessary, i.e. is the recall effective. The headquarters effort currently requires approximately two positions. A more intensive field effort would obviously require some additional resources for headquarters staff.

HOMES HAVING UF FOAM INSULATION

Question: In approximately how many houses in the U.S. has UF Foam Insulation been installed?

Answer: A reasonable approximation of total residential installations of the product in the United States may range as high as 500,000.

Question: What would be the average cost for the removal of the UF Foam from a home?

Answer: Information available to the Commission suggests that average costs of removal of UF foam insulation and replacement with alternative materials may be about $6,000. It is possible that in some cases less costly remedial measures could be taken, such as painting with vapor barrier paints to reduce formaldehyde offgassing from UF foam insulation. Also, in some cases, removal and replacement costs may be as high as $20,000.

Question: What would you estimate to be the decrease in resale value to be for those homes now having UF Foam Insulation?

Answer: Information with which to estimate the impact of the ban on resale values of residences that have been insulated with UF foam insulation is scattered, anecdotal and not sufficiently substantiated. Several factors complicate attempts at estimating this impact. The ban, by itself, will not directly result in a reduction in the value of homes, since it prohibits new installations only. Changes in the market value of homes would be discernable only at the time of sale, which may not occur for years. Even then, it may not be possible to separate the impact of the ban on value changes from other conditions in the real estate market. The impact of the ban on the public's perception of the risk associated with UF foam insulation, and, therefore the impact on resale values, is expected to diminish with the passage of time. Also, the perception of risk may be affected by independent means available to prospective buyers and sellers to assess the risk of individual installations by testing formaldehyde concentrations in the air within the home.

Given the number of factors that will determine the indirect effects of the ban on resale values of residences, reliable predictions of the magnitude or prevalence of these effects are not possible. The impacts could range from no effect, perhaps more likely for residences sold in later years, to reductions equivalent to the costs of removal and replacement of the insulation, more likely to occur for properties sold in the months immediately following the ban.

Question: Is there any precedent for the Federal government to assume the responsibility to make restitution to (UFFI) homeowners?

Answer: There is some limited precedent for the Federal government to pay for corrective actions in homes. Under the National Housing Act, 12 U.S.C. Section 1735b(a), HUD is authorized to correct or pay the claims of a property owner arising from structural defects in houses that are approved for mortgage insurance. Under 12 U.S.C. Section 1735b(b), major defects that create a serious danger to the life or safety of inhabitants of certain homes can be the basis for similar relief under specified, highly limited conditions. In these cases, the government has a pre-existing interest in the homes by virtue of its mortgage insurance agreement.

A (now repealed) section of the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. Section 4811, provided grants to local government agencies and private nonprofit entities, administered by the Department of Health Education and Welfare (DHEW), related to local programs for the elimination of lead-based paint poisoning. It is possible that some corrective actions were made under this program.

In the case of some natural and other disasters, the Small Business Administration (SBA) and Farmers Home Administration can give loans to homeowners, and the Federal Emergency Management Agency (FEMA) can give grants and temporary relocation assistance.

The examples given above are merely to show the existence of analogous precedent and are not meant to represent all such programs which may have been authorized in the past.

CPSC

Question: Could you please briefly describe for the record the major accomplishments of CPSC since its creation?

Answer: CPSC's major accomplishments can be described in four ways:

- o reductions in the estimated number of deaths and injuries that would have occurred without CPSC action;
- o net benefits to society resulting from reduced injuries and deaths;
- o number of citizens who have relied on CPSC as a source of information about product safety and, presumably, adjusted their behavior accordingly; and
- o improvements in agency performance, efficiency, and timeliness of response.

Following is more information on these items:

- o Reductions in deaths and injuries. The Commission has reduced deaths and injuries associated with consumer products by promulgating mandatory standards; encouraging and participating in the development of voluntary standards; and requiring manufacturers and retailers to notify the Commission if one of their products fails to comply with a safety rule or contains a defect which could create a substantial product hazard. In the case of defective products, the Commission may, under the provisions of Section 15 of the CPSA, after a hearing, require that notice be given and the product be repaired or replaced or that its purchase price be refunded. In most cases, firms initiate such recall actions voluntarily.

  Some of the rules promulgated by the Commission are for cribs; unstable refuse bins; CB antennas; sharp points; sharp edges and small parts in toys; unvented gas space heaters; and bicycles. When taking into account the total effects of all the mandatory standards promulgated by the Commission since its inception, including the above rules and all the voluntary standards in which the Commission has been involved, we estimate that to date they have prevented over 1,000 deaths and hundreds of thousands of injuries.

  Individual rules have separately had an impact on death and injuries. The Commission's rules on crib safety are estimated to have prevented the deaths of 50 infants annually. Several thousand cases of cancer are estimated by the Commission's Health Sciences staff to have been prevented by Commission actions to reduce exposure to chronically toxic chemicals. Actions taken by the Commission under the provisions of Section 15 of the CPSA are estimated to have prevented more than 1 million possible injuries.

  Another way in which the Commission reduces deaths and injuries is by enforcing the provisions of the Poison

Prevention Packaging Act which requires child resistant closures on many over-the-counter drugs, including aspirin, most prescription drugs and many household products. We estimate that enforcement of the safety closure requirements for these products have prevented the deaths of hundreds of children and prevented the poisoning of hundreds of thousands more.

The Commission has recently decided to ban the use of urea formaldehyde foam as insulation in homes. This proposal to ban resulted from the Commission's receipt of more than 2,200 complaints affecting 5,700 persons who reported suffering acute health effects, such as eye, nose and throat irritation and shortness of breath. The Commission was also concerned about the chronic health effects of long term exposure to formaldehyde gas since it has been shown to be a carcinogen in laboratory animals in two separate studies.

o Net benefits to society. The rules promulgated by the Commission are designed to protect the public from three basic types of harm: acute injuries, such as lacerations, punctures and amputations; chronic illness, such as cancer, birth defects, and respiratory problems; and death or injury by electrocution, fire, and asphyxiation and poisoning. The benefits to society of these rules can be expressed, at least in a limited way, quantitatively. It can also be expressed in terms of the quality of life. While the Commission has never assigned a dollar value to a life saved, the Commission has developed an injury cost model which provides information on the savings in dollars resulting from injuries prevented. No one, however, can quantify the anguish of a parent whose child dies as a result of a faulty crib design or ingests a fatal quantity of aspirin from a container not protected by a child resistant closure.

Manufacturers have voluntarily removed products from the market as a result of Commission concern with their safety without the Commission promulgating a rule. Some examples of this are benzene in consumer products which the Commission proposed to ban. Industry, through improvements in manufacturing processes and improved technology removed benzene from consumer products. Household and craft dyes containing benzidene and benzidene congener dyes are being replaced in the marketplace by manufacturers who have found substitutes for the potentially carcinogenic benzidene.

o Information for the public. The Commission has communicated with millions of citizens through public service announcements on safety; by responding to inquiries either through our toll-free hotline or by correspondence; and by providing publications on safe use of consumer products. During this past year, the Commission has worked to strengthen its program to reach out to consumers with special safety programs. During FY 1980 and 1981, the Commission educated expectant mothers on safe product use in connection with their soon-to-be-born infants. Commission films and slide shows, offered on a free loan

basis, have been seen by nearly 8 million people each year.

Private industry has cooperated with the Commission by printing comic books with a safety message, distributing a publication on the safe selection of household ladders, and by showing films on fire safety.

The Commission's National Injury Clearinghouse has provided data on injuries associated with consumer products to manufacturers and others which have resulted in safer product design.

A major new thrust of our information and education programs is gaining industry cooperation to make the programs more effective. Two major examples are:

1. The annual holiday safety effort this year focused on toy safety, and was conducted with the Toy Manufacturers of America (TMA) and the Congress with particular assistance from Senator Strom Thurmond. TMA supplied informational material which was included with CPSC material in a kit distributed to members of Congress and through our Regional Centers to the public. TMA and the Commission held a joint press conference on toy safety.

2. A consumer awareness information program on coal and wood burning appliances was conducted with the Wood Heating Alliance, the Chimney Sweep Guild, and Underwriters Laboratory. The Commission distributed radio announcer copy developed by industry.

We believe the results of our information and education activities are more enlightened consumer purchases, safer use of products, better maintenance practices and safer storage and disposal of dangerous substances. We also believe that in the year to come our efforts will be greatly enhanced as a result of improvements we have planned for our information and education programs.

o Improvements in agency performance. The Commission is faced with a greatly reduced budget without any reduction in the size of its mission. Consequently, we have made changes in the organization of the agency that would increase its efficiency and effectiveness. The following changes were made:

- The Directorate for Field Operations was eliminated and field coordination functions were transferred to the Office of the Executive Director.

- The number of field offices was reduced from 10 regional offices and 3 district offices to 5 regional offices and 27 resident posts.

- The Directorate for Communications was eliminated and an Office of Public Affairs was established to develop national information and education programs around issues of primary concern to the Commission, to coordinate media relations and to provide liaison

with consumer, business and trade organizations and state and local government officials.

- An Office of Outreach Coordination was set up to implement the information and education programs. This Office reports to the Executive Director.

CELLULOSE INSULATION FLAMMABILITY

Question: Could you please bring us up-to-date on your efforts to resolve the controversy concerning the reliability of CPSC's standard for cellulose insulation flammability?

Answer: CPSC believes the flammability tests in the cellulose insulation standard are reliable. Commission staff have met with representatives of the cellulose industry to discuss this issue. While some members of the industry want the tests to be changed, others are opposed to any changes and desire the status quo.

Chemical analyses on cellulose insulation products were conducted by a CPSC regional laboratory in Chicago. The analyses were performed in an attempt to determine to what degree the type and amount of fire retardant chemical in cellulose insulation affects the ability of the product to pass test requirements of the amended interim standard. The analysis report was forwarded to the Commission July 24, 1981. Based on the analyses, the agency's Division of Regulatory Management concluded that "most manufacturers could consistently meet the requirements of the standard if the correct amount and type of fire retardant chemicals are used." The samples tested came from 15 different manufacturers, and the data show a positive correlation exists between the chemical composition (type and percent by weight) and the cellulose insulation that passes the requirements of the standard. The report also acknowledges that the manufacturing equipment and processes may play a big part in determining whether a product passes or fails when its total chemical composition is somewhat less than 20 percent (perhaps as low as 15-20 percent).

Copies of the chemical analysis report were given to the Cellulose Manufacturers Association (CMA), as well as to CPSC Regional Offices for distribution to manufacturers by visiting CPSC inspectors.

MERIT PAY INCREASES

Question: How much money have you included in your FY 83 budget request in order to provide employees with merit pay as specified in the Civil Service Reform Act?

Answer: The FY 1983 budget request includes an estimate of $157,000 to provide employees with merit pay.

NATIONAL INSTITUTE OF BUILDING SCIENCES

Question: This year in your budget justification you note that in your overall efforts to reduce injuries the Commission works with others interested in product safety such as the National Institute of Building Sciences. As you know, this Subcommittee has jurisdiction over NIBS.

What additional areas of interaction do you expect with NIBS during FY 83?

Answer: The Commission staff intends to interact with NIBS on at least two projects:

(1) Architectural Safety Guidelines
(2) Renewable Energy Systems

The Program Manager for Household Structural Products has been and continues to be an active member of the NIBS Building Energy Committee (BEC) and reports on CPSC activities at the BEC meetings.

COMPLIANCE AND ENFORCEMENT PROGRAM

Question: Your November request for your Compliance and Enforcement Program was $2,678,000. Your current request for the same program is $2,682,000.

Could you please explain why your request has gone up $4,000 and what you intend to do with these additional funds?

Answer: The $4,000 increase is accounted for by a recalculation of salary estimates. Salary estimates were recalculated in December to incorporate the impact of the reduction-in-force as well as, the lifting of the pay cap for senior employees on salaries.

FIELD ACTIVITIES

Question: In your November budget request to OMB, you indicated that the minimum amount necessary to maintain your field activities was $6,841,000. However, in your current budget request, you are seeking $6,642,000 or $199,000 below your minimum request to OMB.

What programs have been eliminated as a result of this decrease?

Answer: No programs have been eliminated as a result of this decrease. The decrease is accounted for by two factors:

- A recalculation of salary estimates to incorporate the impact of the reduction-in-force on salaries.
- A revision of operating funds required for support of field activities.

Question: What justification did OMB use for reducing your minimal request?

Answer: OMB did not reduce our minimal request. The reduction is a result of revised estimates for salary costs and operating money required for field activities.

EYE IRRITATION PREDICTORS

Question: Your budget justification suggests that the Commission will investigate the use of rat mast cells as rapid predictors of eye irritation.

How much does CPSC intend to devote to this effort in FY 1983 and why is CPSC doing this work instead of NIH or some other health organization?

Answer: CPSC will expend approximately .6 full-time equivalent staff position on this project. Associated costs for chemicals and rats are estimated at $2,000.

The regulations under which the CPSC regulates products require the use of Draize type eye irritation testing. To our knowledge other regulatory agencies do not specify in their regulations use of the Draize type test. CPSC has an active interest and has taken a positive position in attempting to reduce the number of animals used and to reduce unnecessary pain and suffering of those animals. To date, we have reduced the number of animals tested by routinely performing eye irritation testing only on those products which are not skin irritants. We have reduced unnecessary pain and suffering of the test animals through routine use of opthalmic anesthetics. In order to further reduce the number of animals used, adoption of alternate in-vitro testing or screening of products may eventually replace or provide a partial replacement for Draize type testing.

Our planned activities for FY 1983 in the rat mast cell project were planned as a result of early work by Mr. John McCormack, presented at the Symposium on Trends in Bioassay Methodology: In-vivo, In-vitro and Mathematical Approaches, organized by NIH (1981). The limited data presented suggest the rat mast cells may provide, if not an alternative to Draize eye irritation type testing, at least a rapid screening technique which would further reduce the number of animals tested.

The intent of the CPSC project is:

a) to develop the capability for evaluating and performing in-vitro alternatives or screening tests which are applicable to the types of consumer products the CPSC regulates;

b) to obtain on a limited basis a comparison of data from the rat mast cell to data from the Draize type test; and

c) to maintain a presence in the field and contact with other professionals investigating alternatives to the Draize type eye irritation test.

LABORATORY RENOVATIONS

Question: How much is in your FY 83 budget for laboratory renovations and what specific projects do you intend to undertake during FY 83?

Please provide comparable data for FY 81 and FY 82 for the record.

Answer: The CPSC FY 1983 budget contains no funds for laboratory renovations, because no renovations are anticipated. We have two laboratories: the Engineering Sciences Laboratory and the Health Sciences Laboratory.

The Engineering Sciences Laboratory is a renovated Nike missle site near Gaithersburg, Maryland. During FY 1981, $9,000 was obligated through GSA toward renovation of one of the existing buildings on the site plus construction of a full-scale burn facility. During FY 1982, $9,500 was obligated to complete the work. This work completed the renovations necessary for converting the Nike site buildings to an effective Engineering Sciences Laboratory. The parts of the laboratory renovated in FY 1981-1982 provide the capability for smoldering and flaming tests of upholstered furniture, burning of plastic household furnishings, and operating

gasoline-fueled products such as chain saws. The overall laboratory also will support projects in all the Commission's Hazard Programs, the Compliance and Enforcement Program, Section 15 activities and review of petitions.

The Health Sciences Laboratory is in space rented from the Food and Drug Administration in Southwest Washington. We have neither requested renovations in that facility for FY 1983 nor funded renovations there in FY 1981 or FY 1982. Neither have we been advised by FDA of any planned renovation that would have an impact on our activities there. Projects there in 1983 primarily will support the Health Sciences Program and the Chemical Hazards Programs, but will also provide appreciable support for the Compliance and Enforcement Program.

CONSULTING SERVICES

Question: This year you are requesting $399,000 for consulting and related services. This compares to a request of $206,000 in FY 82. Your justification also notes that the number of mandatory advisory committees has decreased from 4 in FY 81 to 2 in FY 82 and FY 83.

Could you please explain why such large increases are required for these programs?

Answer: The increase in FY 1983 consulting and related services is attributable to the category "special studies and analyses". The cost of special studies and analyses were $820,000 in FY 1981, an estimated $55,000 in FY 1982 and an estimated $260,000 in FY 1983. The Commission was forced to reduce this needed category of expenditures in FY 1982, along with other contracts, in order to fund the costs of the reduction-in-force, the payraise and the additional 4 percent budget reduction. In FY 1983, necessary contract funds were restored to more appropriate levels. When examined over the three year period, the total amount for consulting and related services is reasonable.

EMERGING HAZARDS PROGRAM

Question: Your request to OMB for the Emerging Hazards Program was $1,382,000 and 28 FTE. Your February budget justification contains a request for $1,421,000 and 28 FTE or an increase of $39,000.

Why is your budget request higher than your recommendation to OMB and what activities do you intend to undertake with these additional funds?

Answer: The $39,000 increase is accounted for by a recalculation of salary estimates. Salary estimates were recalculated in December to incorporate the impact of the reduction-in-force, as well as, the lifting of the pay cap for senior employees on salaries.

OFFICE OF THE SECRETARY

Question: In describing the function of your Office of the Secretary in your November budget justification, you list one of the office responsibilities as the "coordination of advisory committees". Your February budget justification does not list this as a responsibility of the office.

What is the Commission's current policy with respect to advisory committees?

Answer: The Toxicological Advisory Board is the Commission's only standing committee. In addition, the Commission will establish a Chronic Hazards Advisory Panel on an as needed basis. Since both of these committees involve the technical expertise found in the Commission's Directorate for Health Sciences, the responsibility for the coordination of the committees has been transferred from the Office of the Secretary to the Health Sciences Directorate.

ADMINISTRATION AND GENERAL SUPPORT

Question: In your November request, you asked for $4,356,000 for Administration and General Support. Your February budget contains a request for $4,395,000 or $38,000 over the November request.

Why were these funds requested and what do you intend to use them for?

Answer: The $38,000 increase is accounted for by a recalculation of salary estimates. Salary estimates were recalculated in December to incorporate the impact of the reduction-in-force, as well as, the lifting of the pay cap for senior employees on salaries.

ENGINEERING AND SCIENCES PROGRAM

Question: In your November request to OMB, you asked for $1,372,000 for your Engineering and Sciences Program. Your current request is for $1,433,000 for the same program.

Why has your request gone up $61,000 and what do you intend to do with these additional funds?

Answer: The $61,000 increase is accounted for by a recalculation of salary estimates. Salary estimates were recalculated in December to incorporate the impact of the reduction-in-force, as well as, the lifting of the pay cap for senior employees on salaries.

HOUSEHOLD STRUCTURAL PRODUCTS

Question: In your November submission to OMB, you requested $660,000 for your household structural products program. Your current request for the same program is $676,000.

Could you please explain why your request has gone up $16,000 and what you intend to do with these additional funds?

Answer: The $16,000 increase is accounted for by a recalculation of salary estimates. Salary estimates were recalculated in December to incorporate the impact of the reduction-in-force, and the lifting of the pay cap for senior employees on salaries.

OTHER SERVICES

Question: During FY 82 you have budgeted $2,774,000 for "Other Services". This year you are requesting $5,163,000 or an increase of $2,389,000 over your current FY 82 level.

Could you please supply for the record a list of the items you intend to fund under this account during FY 82 and FY 83?

Answer: The major reason for the increase in this item in FY 1983 is the restoration of contract money. In FY 1982, contracts were substantially reduced in order to pay expenses related to the reduction-in-force, the 4.8 percent pay raise and the lifting of the pay cap.

A listing of items to be funded under object classification 25 (other services) for FY 1982 and FY 1983 is as follows:

FY 1982

	$(000)
Contracts	1705.7
Operating Costs	261.9
Common Costs	806.4
TOTAL	2774.0

Contracts

	$(000)
Public Information	10.0
Product Safety Assessment	20.0
Toxicity of Combustion Products	50.0
Plastic Flammability Research	80.0
Residential Electric Systems	45.0
Formaldehyde	80.0
Chain Saws	70.0
NEISS	350.0
Incident Data	20.0
Laboratory Support	10.0
Toxicity Support	35.0
Toxicity Data	42.0
Short Term Testing	10.0
Correspondence Response	23.7
Outreach	55.0
General Ongoing Compliance	15.0
PPPA Drugs	7.0
Data Entry	125.0
Employee Relations	5.0
Computer Utilization	653.0
TOTAL	1,705.7

Operating Costs

Operating expenses assigned to each CPSC organization to pay for items classified as "other services" total $261,900.

Common Costs

The items shown under common costs total $806,400. A listing of the individual items is as follows:

	$(000)
IBM Maintenance	35.7
Labor Services	81.3
Space Arrangement	85.0
Occupational Safety and Health	5.0
Alarm Maintenance	6.0

	$(000)
Locks and Keys	.5
Security Guard	202.9
Copy Center	89.5
Pitney Bowes	.1
RCA Radio Maintenance	.4
Data Bases	10.0
Payroll Services	95.0
Permanent Change of Station	195.0
TOTAL	806.4

FY 1983

	$(000)
Contracts	4242.0
Operating Costs	318.2
Common Costs	602.8
TOTAL	5163.0

Contracts

	$(000)
Public Information	48
Product Safety Assessment	80
Upholstered Furniture	30
Gas Heating System	20
Plastic Furnishings	50
Solid-Fuel Appliances	100
Toxicity of Combusion Products	192
Residential Electric Systems	75
Circuit Breakers	25
Appliance Ground-Fault Circuit Interrupter	75
Portable Electric Appliances	55
Electric Grounding	80
Poison Prevention Packaging	50
Dyes and Finishes	245
Home Materials	145
Emerging Chemical Hazards	150
Strong Sensitizers	9
Aerosols	95
Rules Maintenance	30
Chain Saws	58
Log Splitters	7
Particle Board/Plywood	20
Architectural Safety Guidelines	40
NEISS	350
Incident Data	35
Mortality Data	130
Economic Studies	50
Laboratory Support	100
Toxicity Support	185
Toxicity Data	52
Short-term Testing	50
Laboratory Equipment	35
Outreach	450
Correspondence Response	25
General Ongoing Compliance	190
PPPA Pharmacy	7

	$(000)
Lead in Paint Enforcement	20
State/Local Recall Checks	50
Data Entry	125
Training	20
Employee Relations	5
Computer Utilization	684
TOTAL	4242

Operating Costs

Operating expenses assigned to each CPSC organization to pay for items classified as "other services" total $318,200.

Common Costs

The items shown under common costs total $602,800. A listing of individual items is as follows:

	$(000)
IBM Maintenance	38.0
Labor Services	63.0
Space Arrangement	48.0
Occupational Safety and Health	5.0
Alarm Maintenance	6.0
Locks and Keys	.5
Security Guard	139.8
Copy Center	95.0
Pitney Bowes	.1
RCA Radio Maintenance	.4
OCLC Data Base	4.0
Document Indexing	11.0
Data Bases	15.0
Payroll Services	102.0
Permanent Change of Station	75.0
TOTAL	602.8

FY 82 APPROPRIATIONS

Question: On Page IV of your budget justification, you show your FY 82 appropriation as $31,664,000. Applying a 4 percent reduction to the $32,983,000 provided in Title V of our bill would yield a final appropriation of $31,663,680.

Is your presentation in error?

Answer: The presentation is not in error. The final appropriated amount was rounded to the nearest thousand dollars.

OFFICE BUDGETS

Question: Please prepare for the record a list of the budgets and positions for each of the Commission's offices for FY 81, 82 and 83.

Starting in FY 84, the Subcommittee would like the budget request and positions for each office clearly stated in the narrative description of that office.

Answer: The budgets and positions for each of the Commission's offices for FY 1981, 1982, and 1983 are as follows:

FY 1981

	FTE	FTP	Funds
Commissioners	26.0	26	1,032.8
Office of the Secretary	18.4	16	583.5
Office of Congressional Relations	8.5	6	259.5
Office of Media Relations	5.0	4	173.3
Office of General Counsel	38.0	37	1,516.2
Office of Internal Audit	3.3	3	164.9
Office of Equal Employment Opportunity and Minority Enterprise	8.0	8	184.4
Executive Director	7.0	6	268.5
Office of Budget, Program Planning and Evaluation	17.3	16	593.8
Office of Program Management	26.0	25	927.3
Epidemiology	71.0	64	3,640.3
Economic Analysis	22.0	20	1,298.2
Engineering and Sciences	71.0	67	3,586.3
Health Sciences	63.0	60	3,366.5
Communications	50.5	40	2,755.4
Compliance & Administrative Litigation	43.5	42	1,536.8
Administration	124.0	103	3,594.3
Field Operations	286.5	269	11,231.6
Common Costs	-	-	4,582.4
Unobligated Balance Lapsing	-	-	844.0
Total Commission Resources	889.0	812	42,140.0

FY 1982

Commissioners	22.0	22	914.3
Office of the Secretary	22.7	21	1,004.0
Office of Congressional Relations	4.4	4	178.8
Office of Public Affairs	7.0	6	284.6
Office of General Counsel	29.7	28	1,297.6
Office of Internal Audit	2.0	2	131.9
Office of Equal Employment Opportunity and Minority Enterprise	8.0	8	225.0
Executive Director	7.0	7	284.9
Office of Budget, Program Planning and Evaluation	13.6	13	552.4
Office of Program Management	19.0	19	742.7
Epidemiology	56.0	52	2,684.4
Economic Analysis	20.0	20	696.7
Engineering and Sciences	63.0	63	2,713.4
Health Sciences	60.0	60	2,336.7
Outreach	7.0	7	419.3
Compliance & Administrative Litigation	39.0	38	1,499.6
Administration	100.6	95	3,453.3
Field Operations	168.0	166	6,653.1
Common Costs	-	-	5,591.3
Total Commission Resources	649.0	631	31,664.0

FY 1983

Commissioners	22.0	22	988.4
Office of the Secretary	22.9	19	1,007.9
Office of Congressional Relations	4.4	4	194.1
Office of Public Affairs	6.0	5	265.4
Office of General Counsel	25.2	23	1,159.0
Office of Internal Audit	2.0	2	141.8
Office of Equal Employment Opportunity and Minority Enterprise	8.0	8	253.4
Executive Director	6.0	6	270.0
Office of Budget, Program Planning and Evaluation	12.6	11	535.3
Office of Program Management	18.6	18	726.0
Epidemiology	59.2	50	3,153.8
Economic Analysis	18.6	18	804.7
Engineering and Sciences	60.1	57	3,182.4
Health Sciences	59.1	55	3,251.0
Outreach	4.0	4	929.3
Compliance & Administrative Litigation	36.5	33	1,482.3
Administration	99.4	87	3,458.5
Field Operations	171.4	155	6,642.0
Common Costs	-	-	5,062.7
Total Commission Resources	636.0	577	33,508.0

DATA SYSTEMS

Question: In a recent letter, Commissioner Statler stated that he agreed with this Subcommittee's assessment that:

> "... the Committee believes that the amount of data provided through NEISS and in-depth investigations is greatly in excess of the operational need of the Commission and that a much less frequent emergency room based product hazard profile is adequate ..."

Mr. Statler could you explain why you have reached this conclusion and what could be done to make this data system more cost-effective?

Answer: Dating back to my involvement with the National Commission on Product Safety, I have had an abiding interest in this agency's data collection sources. The following opinion discusses, in depth, my deep concerns about the continued status quo operation of NEISS. The opinion follows:

In the Matter of Continuing Intact the Commission's National Electronic Injury Surveillance System (NEISS)	)

DISSENTING OPINION OF
COMMISSIONER STUART M. STATLER

The Consumer Product Safety Commission (CPSC) recently voted 3-2 [1/] to continue intact its primary injury data system, the National Electronic Injury Surveillance System (NEISS).[2/] By its vote, the Commission neglected to take advantage of an excellent opportunity to bring much-needed, long-overdue change.

In addressing this issue, the Commission had the benefit of a comprehensive November 17, 1981 report of the in-house Hazard Data Task Force which provided the groundwork for top-to-bottom review of all the agency's information sources. In providing a thorough and objective assessment of NEISS, that report pointed out very serious deficiencies in need of being addressed. But by voting to maintain NEISS essentially unchanged, for the foreseeable future the Commission has weighted itself down with an albatross of no small dimensions.

Pressing resource constraints and increased awareness of past mistakes should have resulted in a Commission decision for a smaller, less elaborate, more efficient NEISS which suits our current needs, not those of a decade ago. But instead of opting for a scaled-down model, the Commission has decided that bigness is better, wholly contrary to the directions pointed to by both the Administration and Congress for regulatory efforts generally.

In certain areas, I believe that NEISS makes significant contributions to CPSC programs. But there persist salient deficiencies, including the collection of data on too many products, needless daily reporting of injury cases and continuous operation of the system, and too many hospitals in the sample. A scaling down of the system would both enhance its usefulness in hazard identification and substantially reduce its costs.

Specifically, I am convinced that: (1) the 250,000 injury cases per year reported through this system could be considerably scaled down; (2) the 1,000 product codes for which information is collected could be limited to some 100 or fewer significant risks

1/ The vote to maintain NEISS in its current configuration and size was 3-2. Commissioners Pittle, Sloan, and Zagoria voted to maintain the system as is; Chairman Steorts joined in voting to streamline NEISS in keeping with recognized data needs and considerably reduced agency resources and funding, now and for the foreseeable future.

2/ NEISS is comprised of a sample of 74 hospitals that are statistically representative of all hospitals with emergency departments in the United States. Sample hospitals report daily to CPSC certain information about every injury treated in their emergency departments which appears to be "associated with" a consumer product.

of injury; (3) the frequency of reporting, now daily, could be cut back; (4) the continuous operation of the system could be made intermittent; and, (5) the 74 hospitals involved could be about halved.[3/] These changes, if implemented, would not have an adverse impact on the Commission's ability to maintain a valid national statistical sampling of accidental injury from consumer products. A revised NEISS along these lines would continue to allow us to identify and respond to the most serious product hazards at greatly reduced effort and expense.

Role of NEISS

Over the years, NEISS has been a useful source of information about product-related injuries. Particularly during this agency's early tenure when a survey of the product safety landscape was necessary, it served a valuable function in exploring the terrain of the Commission's jurisdiction. Today, NEISS remains useful primarily as a source for verifying the scope of injuries associated with products and for providing a supply of injury reports for subsequent in-depth investigations. It is also valuable in providing injury cases for special studies. Findings from these investigations then can be projected into national injury estimates for any number of products--for example, the percentage of chain saw injuries due to kickback.

But the capacity of NEISS to report a veritable deluge of such incidents is precisely what's wrong with the system. It gives us far more than we need. It provides volumes of data which we cannot, will not, and should not ever use. And in compiling and stockpiling this data, NEISS is accorded a level of resources which is grossly disproportionate to the contribution it makes to CPSC's efforts to protect the public from unreasonable risk of injury. As a result, other agency data systems are accorded too few resources and other promising data sources are given short shrift.[4/]

For several major programs which constitute a substantial portion of CPSC activities, NEISS is of little or no value. Specificially -

- o In identifying "substantial product hazards" to be addressed through corrective action plans under Section 15 of the Consumer Product Safety Act, NEISS makes virtually no contribution.

3/ Over the years the sample of NEISS hospitals has been reduced from 130 to 119 to its current size of 74 hospitals.

4/ NEISS is the major component of CPSC's total hazard data system, which consists of approximately 20 sources of information about various types of product hazards. Other primary sources of hazard data include the Medical Examiners and Coroners Alert Project which collects information on product-related deaths reported voluntarily by coroners and medical examiners, CPSC's toll-free Hotline which receives phone complaints from consumers about product-related injuries, the Death Certificate Collection Program which receives certificates on all product-related deaths from the 50 states, and the agency's news clipping service which collects news articles about accidents associated with consumer products. At a cost of some $1.39 million, NEISS is by far the most expensive of CPSC's data sources.

- In identifying "emerging hazards" as a kind of early warning mechanism, NEISS makes no material contribution.

- In identifying burn injuries, NEISS does not ordinarily capture burns from conflagrations that result in the most serious injuries or death, although it does report less serious, contact burns.

- In identifying chronic chemical hazards, NEISS again makes no contribution, as it is understandably unable to track and link exposure to, and illness from long-term product risks such as cancer, birth defects or mutations.

As the Hazard Data Task Force forcefully pointed out, NEISS does not substantially contribute to identifying the Commission's hazard priorities each year. For FY 1981, only 3 of 11 priority projects involved hazards about which NEISS provides useful data.5/ For FY 1982, the figure is 3 of 10.6/

Questionable Product Codes

Among the more than 1,000 product categories for which NEISS collects injury reports are many which are unlikely ever to generate CPSC action or hint of any unreasonable risk of injury.7/ Why, for example, do we need to collect voluminous data on drinking fountains, sewage pipes and covers, tie racks or toothpicks? Why laundry baskets, drinking straws, phonograph records or telephone accessories? Why clothespins, rope, seeds, combs, music boxes, tombstones, or books and magazines?8/

At a time when a debilitating federal budget deficit for FY 1982 of from $100-150 billion is in the offing and resource cutbacks are forcing government to perform only essential functions and eliminate marginal activities, does this agency or any agency of the federal government really need to know that a tombstone may topple over and injure a bystander's leg? that a few people each year trip over telephone cords and bump into walls? that a twirled baton may descend and conk a scantily-clad cheerleader on the head? Or that, on occasion, a rambunctious cow has knocked some unsuspecting tenderfoot into a drinking fountain?

Review of the actual descriptions from NEISS injury reports for some of these products underscores the frivolous nature of much of the data collected. For instance--

5/ These were: chain saws, electric blankets, and coal and woodburning stoves.

6/ These are: chain saws, poison prevention packaging, and coal and woodburning heating equipment.

7/ The term "unreasonable risk of injury" derives from the language of the Consumer Product Safety Act and serves as the statutory standard for Commission decisions about addressing product hazards.

8/ Not to mention pictures and frames, knickknacks, batons, ashtrays, magazine racks, and atmospheric thermometers.

Drinking fountains:

"ran into water fountain"
"dropped water cooler on finger while loading it into t ck"
"struck nose against water fountain"
"pinched between cow and drinking cup"

Sewage pipes or covers:

"dropped sewer cover on toes"
"fell in sewage drain"
"driving car - hit a manhole"

Candlesticks or holders:

"wood candlestick fell off wall and hit patient in head"
"jumped down on metal candleholders, lacerated right middle toe"
"fell against wrought iron candle holder"

Laundry Basket:

"lifting heavy clothes basket, back pain"
"jumped over laundry basket, struck wall with toe"
"fell down basement stairs while carrying basket of clothes"

Drinking straws:

"reaching for straw, hit elbow on coffee pot"
"cutting some straw, lacerated right index finger with scissors" (Query: a "straws" hazard or a "straw" hazard? I'm not sure it really matters.)

Phonograph records:

"dropped albums on toe"
"taking label off record with knife, it slipped"
"record was pitched across room and hit patient in lip"

Telephones or accessories:

"swallowed a key while talking on phone"
"dropped telephone on thumb"
"ran into door running to answer phone"

Aquariums or accessories:

"put seashell in nose"
"fish bowl fell on head"
"intoxicated and fell into fish tank"

Seeds:

"sniffed a seed up nostril, couldn't remove"
"lifting bag of seed, bag slipped, hand hit post"
"patient put a seed in ear"

Tombstones:

"lost balance riding bike, hit corner of tombstone, fell against it"
"playing in graveyard, tombstone fell, hit knee"
"gravestone fell on lower leg"

Pillows:

"jumping on pillow, fell, hit head on stereo"
"put piece of sponge from pillow in nostril"
"jammed finger and suffered blow to head while in pillow fight"

Paper Bags:

"hit eye with paper bag"
"slipped on paper bag"
"hurt back lifting 100 pound bag of flour"

Blackboards:

"teacher hit by blackboard that fell off wall"
"put fist through chalkboard"
"ran into blackboard

Ceilings:

"plaster ceiling fell on head"
"walking down steps, hit head on low overhang"
"while sitting on toilet, bathroom ceiling fell on head"

Such examples are disturbingly frequent across the 1,000 product codes in which "injuries associated with consumer products" are reported through NEISS. Too frequent. For years CPSC has cited national estimates of product-related injuries based on all reported incidents, these included. To me it is an embarrassment that this Commission collects information about frivolous incidents which are only faintly associated with consumer products--which do not even approach the perimeters of unreasonable risk--and then uses those incidents in projecting national injury estimates. Why bother? Who cares? Such figures are as meaningless as they are useless. To collect, code, classify and then calculate national injury estimates for all these categories is an unfortunate waste of taxpayer monies.

The true scope of product-related injuries in this country is misrepresented by the national estimates generated from NEISS. By calculating these estimates based on a sample which reports so many incidental and unpreventable injuries, NEISS provides an inflated number which overstates the true magnitude of the genuine risks associated with consumer products about which we, as a society, should be concerned. As a result of such non-discriminatory reporting, NEISS does a real disservice by making this agency's notable accomplishments in reducing unreasonable risks of injury appear trifling when compared to NEISS' inflated national estimates of incidents that largely cannot be prevented.

Assembling and retaining data about so many of the 1,000 NEISS product codes is a fruitless exercise. The in-house Task Force pointed out that for 1980, fully 33% of the product codes reported 10 or less injuries. Why do we continue to collect data on these and other codes of questionable value? We do so because supporters of the status quo claim they need to know which products are not associated with large numbers of injuries. They hypothesize that some future set of circumstances might someday render such data useful. "You just never know when we might need to have timely data about these products," it is argued. "Why, we might get a petition [on such and such item] and when we do, we'll be able to respond."

Ah yes, the Commission has been petitioned in the past to take action forthwith on such foreboding safety concerns as spike-tipped umbrellas, high-heeled shoes, claw hammers and fondue pots. Surely, a modicum of common sense is far more useful in summarily disposing of such silliness than reams of useless statistics which demonstrate proof-positive what we already know. The logical extension of this all-encompassing approach to data collection is to argue that NEISS should report incidents related to each and every one of the 15,000 products under the Commission's jurisdiction. Only then could Americans rest comfortably each night knowing that no bumped head, no cut finger, and no bruised toe escapes the eternal vigilance of these Raiders of the Lost Purpose!

NEISS has even overreached into collecting data about incidents tied to products outside the Commission's jurisdiction. Incidents involving trains, aircraft, commercial ships, medical devices, cosmetics, drugs, and food are collected--sometimes for other federal agencies and sometimes not. While a very few agencies reimburse the Commission for the cost of such data collection, the statutory legitimacy of assembling data about products completely outside the Commission's jurisdiction--where the Consumer Product Safety Act explicitly excludes us from those areas[9/]--must be called into question.

Yet another disturbing feature of NEISS product codes is that some of the largest numbers of reported incidents are for products which do not seem in any way amenable to corrective action, regulatory or voluntary. What can CPSC effectively do to alleviate the 709,500 injuries associated with stairs, ramps and landings?[10/] What can we really do about the inevitable toll from glass drinking glasses, kitchen knives, tableware and accessories, bottles or jars, hatchets or axes, pins and needles, and walls? Very little, if anything.

In effect, NEISS has become a kind of PAC-MAN gone berserk, gobbling up injury reports involving everything under the sun, toting up tallies of incidents about which this agency often can do next to nothing. As it exists today, NEISS is misconceived. It is misdirected. It's effect is to minimize the agency's own noteworthy achievements and mislead the American public as to what can be accomplished by way of accident prevention.

9/ 15 U.S.C. 2052.

10/ Based on 10,243 actual reports received in 1980.

Reporting Interval

Another sense in which NEISS is disproportionate to the operational data needs of the agency is in the daily reporting of product injuries treated in hospital emergency rooms. Currently, each day's incidents are reported to CPSC within 24 hours of occurrence. This permits agency staff quickly to re-contact reporting hospitals to ascertain a victim's name, address and phone number for those cases which we want to investigate further. But there are only 1,800 such follow-up in-depths yearly. Thus, all 250,000 incidents reported annually through NEISS must be reported in daily intervals for the sake of the 1,800 NEISS cases which are selected each year for in-depth investigation. And of those 1,800 cases, 1,400 are selected by a computer according to predetermined criteria developed by the agency's hazard analysts. So even before incidents occur, we know what types will be selected for further review. A far simpler, less costly and more efficient procedure would have the hospitals list the names, addresses, or at least the phone numbers of patients involved in the types of incidents we have pre-selected for investigation and then report those cases to us once or twice each week. Where time is of the essence, we would still be able to follow-up quickly. And where no follow-up is likely, cases could be reported over an extended period, in a more careful manner, thereby enhancing their accuracy and reducing costs.

In choosing to keep the current set-up intact, the Commission seems to believe that some benefit is gained from daily reporting. The weight of the evidence is to the contrary. Daily reporting would be of some value if these incidents were used in identifying emerging hazards or risks to be addressed through corrective actions under the notice and recall provisions Section 15 of the Consumer Product Safety Act. But for nine years, NEISS has demonstrated that it makes virtually no contribution to identifying these types of hazards in spite of its daily reporting of cases.

Continuous Operation of NEISS

A related point about the profligate operation of NEISS involves the perceived need to keep the system running continuously. Years ago, a critic of NEISS described its contribution to the agency as providing "a moving picture of a still life." What was meant was that the rankings and trends among the NEISS product codes hardly seem to change from one year to the next. The criticism is still valid. As a continuously reporting surveillance system, NEISS has proven deficient over the years precisely because of its built-in inflexibility and limitations.

NEISS should not be maintained as a continuously operating system which reports any number of superfluous incidents on a daily basis. Instead, it could still make its present contribution of verifying the scope of injuries from products were it operated on an intermittent basis only. This approach was strongly suggested to the Commission just last year by the Senate Appropriations Committee, which urged the Commission to study the feasibility of operating NEISS for 1-year durations at intervals of 3, 5, or 10 years. Unfortunately, this agency's consideration of such intermittent operation was not approached with the necessary degree of objectivity. The very staff responsible for the creation and operation of NEISS--its care and feeding over the years--prepared

the anticipated negative response to the Committee's thoughtful observations. Not unexpectedly, the Commission approved the staff response. A predetermined commitment to NEISS as is--reflected in the one-sided staff treatment of this issue--precluded the kind of comprehensive and penetrating review to which the Appropriations Committee was entitled.

Size of Hospital Sample

The number of hospitals in the NEISS sample (presently 74) could also be significantly reduced without any material adverse impact on the system's present contributions. The Hazard Data Task Force recommended a reduction of the sample size to 68, arguing that this would save the Commission $90-100 thousand annually while not decreasing the precision of NEISS' national injury estimates. A majority of my fellow Commissioners decided not to accept this suggestion. I believe the sample should be reduced considerably beyond even what the Task Force recommended.

Of all the ways in which NEISS can be scaled-down, there is no question that the reduction which achieves the greatest money savings entails limiting the number of hospitals reporting to the system. A reconstituted NEISS of 25-30 hospitals would save the agency as much as $540 thousand in annual contract costs alone.[11/] Other sizeable cost reductions involving data processing, personnel, and equipment leasing would also be achieved by cutting back the number of hospitals.

At its present sample size, the most precise national estimates produced by NEISS are accurate within a range of ±13 to 17%.[12/] Only 191 (or 19%) of the approximate 1,000 product codes for which a national estimate was figured in 1980 were within that most accurate range. In other words, 80% of the national estimates we calculate are accurate within a range of ±17-70%.

Recognizing that all NEISS estimates are really only "ball park numbers," a smaller sample of hospitals would provide slightly less precise ball park numbers. These figures, obtained at a greatly reduced cost, would still supply more than enough injury cases for CPSC to learn all that it learns from the present arrangement.

Conclusion

The Commission's interests would be best served by a restructured NEISS or similar system with the following features:

11/ Based on average cost of $11,000 for each hospital contract for FY 1982 ($810,000 in costs ÷ 74 hospitals). The average cost was multiplied by 49, the number of hospitals which would be eliminated in a reduction to a 25 hospital sample.

12/ For example, a national estimate of 10,000 injuries associated with a product would have a range of accuracy of plus or minus 1,703, so that the total number of injuries of a given type would be between 8,297 and 11,703.

- o about 100 or fewer product codes selected on the basis of current Commission priorities, interests, programs, and policies, with appropriate flexibility built-in to anticipate the reporting of new or emerging hazards, and with a greater emphasis on obtaining specific brand name information on products causing injury or death;

- o reporting of each day's cases once or twice weekly, rather than daily;

- o redesign of data elements requested from hospitals to provide more relevant and precise information and to streamline follow-up investigation;

- o a reduced sample of hospitals (perhaps as few as 25 or 30) which would provide reasonably accurate national injury estimates while slashing the too-high costs of the system; and

- o operation on an intermittent basis--perhaps over a two-year period every five years, or two years on and two years off--instead of what is now continuous reporting of so much redundant, non-germane, trivial or otherwise useless data.

Such a system would provide substantially the same contribution to agency programs as the present system and would do so at substantial cost savings to the Commission and to American taxpayers.

By maintaining NEISS in its present form, we deceive ourselves, the Congress, and the public into believing that CPSC has its "finger on the pulse" of product hazards through its high-powered data system which daily reports hundreds of injuries associated with consumer products. It remains a distressing irony that the agency's most timely source of injury data is of such little value in identifying new hazards in need of urgent Commission action.

In the nine-year history of the Consumer Product Safety Commission, programs and needs have changed. But NEISS cranks on, its switch locked permanently in the "on" position, oblivious to its eroding relevance and utility, spewing out reams of useless data, and consuming increasingly scarce resources. NEISS represents a triumph of technique over purpose, a statistical exercise which is increasingly less relevant to agency decision-making. Rather than serving as a cost-effective surveillance tool for identifying product hazards, NEISS has become a formidable stumbling block to fostering new methods to assess hazards. Preserving NEISS as is is a classic example of the kind of stodgy bureaucratic practices for which government is so roundly and rightly criticized. The vote to continue NEISS intact is rather like a family deciding to hang on to its Edsel even though a more efficient model would better suit their needs and the times.

I do not advocate the total elimination of NEISS. I am convinced that it is sorely in need of reform and will seek such change at every opportunity. In an era when President Reagan has been forced to reduce the scope of government by streamlining or eliminating so many highly useful government programs, can the

Consumer Product Safety Commission continue to justify NEISS as it now stands and afford not to reduce its scope? This agency no longer needs such an elaborate system as presently exists. As responsible public policy-makers, we must recognize this and commit ourselves to doing better with less. This is one of the few areas where we surely can.

Questions Submitted by Senator D'Amato

UREA-FORMALDEHYDE FOAM INSULATION

Question: My questions relate to the Consumer Product Safety Commission's ban on urea formaldehyde foam insulation. In particular, I am concerned with the impact of this decision on manufacturers of other foam insulation products which do not contain urea formaldehyde.

The C.P. Chemical Company of White Plains, New York, manufactures a foam insulation product marketed under the name of Tripolymer. I understand that this company must apply for an exemption from the ban on formaldehyde, despite evidence which concludes that it is a safe product. However, the CPSC has yet to publish in the Federal Register the procedure with which C.P. Chemical must comply. When will this publication be made?

Answer: The Commission staff is aware of a controversy concerning C.P. Chemical's currently marketed product "Tripolymer 105" foam insulation. The Commission has not tested this product as currently marketed.

An expert chemist in the field of urea formaldehyde resins, who is also a Commission consultant, has informed us that, in his expert opinion, (based on his knowledge of UFFI chemistry) Tripolymer foam insulation (including 105) contains a urea formaldehyde resin that is made from methylol urea. Methylol urea is known to cause fomaldehyde release from foam insulation. The Commission consultant further states that, in his opinion, Tripolymer will release formaldehyde gas both during installation and, over time, from the finished product once installed. However, he states that the amount released cannot be predicted.

The manufacturer of Tripolymer has stated that this product does not contain formaldehyde and is not a urea formaldehyde insulation. The manufacturer also has stated that because the product contains no formaldehyde, Tripolymer 105 does not emit detectable levels of formaldehyde into the living space.

Based on the information now available, but subject to change in the event that new information becomes available, it is the staff's preliminary opinion that Tripolymer 105 falls within the definition of urea formaldehyde foam insulation as specified in the Commission's ban.

There have been no substantive changes to the exemption procedures that were proposed on February 5, 1981. The Commission expects to publish the final ban, including its exemption procedures, in the Federal Register on or about April 2, 1982.

Question: What is the reason for delay?

Answer: The reason this notice could not be published shortly after the Commission's vote on February 22, 1982 is that a number of commenters, including C.P. Chemical Company, submitted late comments just before the Commission vote. In order for the Federal Register notice to reflect the Commission's consideration of the issues raised by these late comments, additional time was needed for revision of the notice and for Commission approval of the final document.

Question: Will the CPSC establish criteria for exemption from the ban? If not, why not?

Answer: Petitions for exemptions could include some combination of product quality specifications, installer competence assurances, product performance requirements, and consumer redress programs for those installations that nevertheless result in complaints. Weaknesses in one area could possibly be compensated for by more stringent provisions in another. This, plus the fact that the Commission cannot predict what types of provisions will be advocated by petitioners, makes it infeasible for the Commission to establish specific criteria for exemptions. The specific programs that have been suggested to the Commission by commenters have not been shown to be adequate to protect the consumer from an unreasonable risk of injury. However, the Commission has encouraged C.P. Chemical and others to meet with it to discuss the type of data that could be submitted to support a particular exemption request.

CONCLUDING REMARKS

Senator GARN. Before we close the hearing, is there anything else any of you would like to add?

[No response.]

Senator GARN. I only make one editorial comment that has nothing to do with your work at all, but we were talking about it earlier. I don't mean in saying this to minimize the work you are doing in providing safe products and keeping people from being unnecessarily injured or killed. However, I wish there was some way in this country we could really address one of the biggest killers of all, and that is automobiles and drunk drivers. When you see the statistics that more than 25,000 people a year die on the highways, and you are out working—again, I don't mean you should not—on something that has maybe killed two or three people, it is difficult to understand why we haven't been able to address a problem that results in killing and injuring so many year after year. Maybe I am particularly sensitive because my first wife was killed in an automobile accident.

We are able to have recalls and pose standards and push people in the areas you are working in, and yet we can't get judges to take somebody's driver's license away. I wish there was some way we could come to grips with a monumental problem when you are working so hard to save a life here and there and every year we kill 25,000 people because we haven't got the courage to say, "Hey, fellow, you are not going to

drive for the next 5 years and, if you do, we are going to send you to jail."

Maybe some day we will get some answer to the problem. It seems to me that there should be an easy solution. There are some countries, particularly the Scandinavian countries, that have been very strict in their enforcement of driving laws and have dramatically cut their death rates.

In my own State we have a very tight standard, 0.08. Proving drunk driving doesn't do much good because the judges don't do anything about it. We can set the standards, but unless there is punishment for those at a level of 0.08 alcohol it doesn't do much for saving people's lives.

I appreciate your all being here today. Thank you very much.

DEPARTMENT OF THE TREASURY

OFFICE OF REVENUE SHARING

STATEMENT OF MICHAEL F. HILL, DIRECTOR, OFFICE OF REVENUE SHARING

ACCOMPANIED BY:

ROBERT W. RAFUSE, JR., DEPUTY ASSISTANT SECRETARY (STATE AND LOCAL FINANCE)

KENT A. PETERSON, DEPUTY DIRECTOR FOR ADMINISTRATION AND OPERATIONS, OFFICE OF REVENUE SHARING

CHARLES V. McFADDEN, DEPUTY ASSISTANT DIRECTOR, FINANCIAL MANAGEMENT DIVISION

OPENING COMMENTS

Senator GARN. I would next like to welcome the witnesses for the Office of Revenue Sharing and New York City loan guarantee program.

The budget justification we have before us includes a request for $6,612,000 for salaries and expenses for the Office of Revenue Sharing, $4.57 billion for payments to the State and local government fiscal assistance trust fund, and $310,000 for administrative expenses for the New York City loan guarantee program.

Title I of the State and Local Fiscal Assistance Act, as amended, provides for the distribution of $4.57 billion in fiscal year 1983 to approximately 39,000 units of local goverment and authorizes the distribution of $6.9 billion to States and local governments during fiscal years 1982 and 1983. However, $2.3 billion of the authorization designated for payments to State governments in fiscal years 1982 and 1983 is, once again, not included in the request now before us. If these State funds were to be appropriated, the allocation could be made only to States that return an equal amount of categorical grant funding.

The New York City loan guarantee program consists of two basic elements. New York City seasonal financing of 1975 was passed in response to the needs of the city to obtain short-term Federal loans. The New York City Loan Guarantee Act of 1978 authorized the Secretary of the Treasury, in the 4 years ending June 30, 1982, to guarantee up to $1.65 billion of city debt for a period of time not to exceed 15 years. The Secretary has recently issued the last guarantee under this act.

Please go ahead with your opening statement.

INTRODUCTORY REMARKS

Mr. HILL. Thank you, Mr. Chairman.

My name is Michael F. Hill, Director of the Office of Revenue Sharing. Appearing with me this morning are Mr. Robert Rafuse, who

is Deputy Assistant Secretary for State and Local Finance; Mr. Kent Peterson, who is Deputy Director for Administration and Operations of the Office of Revenue Sharing; and Mr. Charles McFadden, Deputy Assistant Director of the Financial Management Division. In addition, I have several members from my staff here. I will call upon them if necessary.

PREPARED STATEMENT AND BIOGRAPHICAL SKETCHES

I read your opening statement from last year, as well as your comments, Mr. Chairman, and I would like to submit my statement, which is short, for the record. You are thoroughly familiar with the Office of Revenue Sharing and its operation, its mission. Rather than taking up time reading the statement, if you don't mind, I will submit it for the record and we will proceed.

Senator GARN. I would be happy to do that.

[The statement and biographical sketches follow:]

Statement of Michael F. Hill

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you today to discuss the appropriation request for fiscal year 1983 of the Treasury Department, Office of Revenue Sharing.

Appearing with me are:

Robert W. Rafuse, Jr., Deputy Assistant Secretary (State and Local Finance)
Kent A. Peterson, Deputy Director for Administration and Operations, Office of Revenue Sharing
Charles V. McFadden, Deputy Assistant Director (Financial Management)

In addition, I have with me several key members of the staff of the Office of Revenue Sharing upon whom I may call for information when appropriate.

Program Mission and Responsibilities

The Office of Revenue Sharing, a unit within the Office of the Secretary of the Treasury, was established to administer the Revenue Sharing Program. The program was authorized by the State and Local Fiscal Assistance Act of 1972 and extended in 1976 and 1980. The current authorization expires at the end of FY 1983.

The Revenue Sharing Program provides general fiscal assistance, distributed through a statutory formula to over 39,000 general-purpose local governments. Funds are authorized, but not currently appropriated, for payments to State governments. These funds are available to the recipients to use for any purpose permissible under their own laws. However, recipient governments must adhere to certain non-discrimination, audit, and public participation requirements specified in the legislation.

The resources of the Office of Revenue Sharing are primarily devoted to two major tasks: making payments and ensuring compliance with the nondiscrimination, audit, and public participation standards of the Revenue Sharing law. The first task involves obtaining and reviewing the data used in the allocation formula, computing allocations, making payments, accounting for payments, and providing for the collection and control of required forms.

The second task involves responding to citizens' complaints, judicial and administrative holdings of discrimination, resolution of cases in which public hearing and notice requirements may not have been met, and ensuring that recipient governments receiving payments of $25,000 or more per year have the required audits and that all recipients meet minimum standards of accountability.

The Office of Revenue Sharing also implements a limited program of technical assistance and information to assist recipient governments and the public in understanding their responsibilities and rights under the Act.

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Recent Activities

During FY 1981 the Office of Revenue Sharing completed the process of implementing the provisions of P.L. 96-604, which was passed in December of 1980 and extended the Revenue Sharing Program through FY 1983. Completely revised regulations have been prepared and published; required changes to allocation, payment, and accounting systems have been made, formula data have been updated; current information on the program has been prepared and made available to recipients; and, our program to assure compliance with the auditing requirements has been redesigned.

Mr. Chairman, last year in our statement to the subcommittee we reported to you on the status of compliance with the auditing requirements of the 1976 amendments to the Revenue Sharing Act. As of January 31, 1982, 95%, or 10,338 of the 10,946 governments subject to the 1976 auditing requirement, had come into compliance. Currently, only 30 governments are having their revenue sharing funds held due to failure to meet the revenue sharing auditing requirements. The remaining governments are in the process of complying with the Act. The Office of Revenue Sharing is now implementing a revised audit program to administer the auditing requirements of the 1980 Revenue Sharing Act. This task includes reviews of State audit offices and independent public accountants which conduct audits of recipient governments, reviews of audit reports sent directly to the Office of Revenue Sharing, and the processing of problems of noncompliance reported by auditors.

During FY 1981 and FY 1982 we have continued our efforts to improve the quality and speed of our processing of discrimination cases and to ensure that existing compliance agreements are monitored. During FY 1981 we made a concerted effort which resulted in the closing of many cases which had been outstanding for a long time. During FY 1981 and thus far in FY 1982, we have closed 826 cases. This effort, along with others, has resulted in a significant reduction in our active case backlog. Other management initiatives currently being applied include: use of a newly developed manual for dealing with cases involving alleged discrimination in the provision of public services; use of standardized pre-investigation questionnaires; use of standardized compliance agreements; improved coordination between our investigative staff and our Chief Counsel's office; and improvement of the management information system used to keep track of discrimination cases.

During FY 1982 and FY 1983 the staff of the Office of Revenue Sharing will devote considerable energies to achieving greater efficiencies and savings in our operations.

It is our intention to continue to carry out the essential elements of our payment and compliance responsibilities within the constraints of limited resources.

ORS Salaries and Expenses

Today we appear before you, Mr. Chairman, to request for FY 1983 $6,612,000 and 135 permanent positions for "Salaries and Expenses". This submission represents a net increase of $464,000

over FY 1982. The number of permanent positions requested is a decrease of 12 from that authorized for FY 1982. Since FY 1979, all funding increases requested have been for increases in pay and other costs associated with the maintenance of current levels of activity.

The President's FY 1983 budget calls for $4.6 billion for Revenue Sharing payments, the amount authorized by Title I of the State and Local Fiscal Assistance Act as amended in 1980, for distribution to approximately 39,000 units of local government. As I have noted earlier, the amendments authorize the distribution of an additional $2.3 billion to State governments in FY 1983. This budget does not include a request for such an appropriation.

My colleagues and I would be happy to respond to any questions you may have.

Biographical Sketch of Michael F. Hill

Michael F. Hill was appointed Director of the Office of Revenue Sharing on September 22, 1981. He is responsible for the administration of the Revenue Sharing Program and advises the Office of the Secretary on policy matters concerning it.

Mr. Hill was an account executive with the E. Bruce Harrison Company where he also was the Project Director for the firm's Clean Air Act program from 1979 until his current appointment. His responsibilities included the management and operation of an industry coalition of some 40 major companies and 17 labor unions. He was also heavily involved in legislative strategy and membership recruitment.

Mr. Hill developed and implemented legislative initiatives concerned with the handling and disposal of hazardous industrial wastes while Director of Government Affairs for the National Solid Wastes Management Association. He was instrumental in the passage of a "model" hazardous wastes management law for the State of Michigan and participated in the drafting of similar laws in other States.

Mr. Hill had previous experience with the Revenue Sharing Program between 1976 and 1977 when he was a special assistant to its Director. He was heavily involved in policy formulation and implementation.

Mr. Hill acquired local government experience in Knoxville, Tennessee as the Director of Planning and Management and Assistant to the Mayor between 1973 and 1976, where he was largely responsible for the streamlining of various city government functions and procedures. During his tenure with the City of Knoxville, Mr. Hill was a member of numerous local governmental commissions and councils. He gained further local government experience as the Director of Medical Services for Knox County, Tennessee during 1971 and 1972.

From 1965 to 1971, Mr. Hill taught English at the University of Tennessee in Knoxville, while he pursued work on his Ph.D. in English.

Mr. Hill received his M.A. degree in English from McNeese State University in Lake Charles, Louisiana in 1966 and his B.A. degree from the University of Hawaii in 1963.

Mr. Hill was born in 1940 in Abbeville, Louisiana.

Biographical Sketch of Robert W. Rafuse, Jr.

Robert W. Rafuse, Jr. is Deputy Assistant Secretary of the Treasury for State and Local Finance. In this capacity, he is responsible for policy matters relating to Revenue Sharing and for the Office of New York Finance and the Office of State and Local Finance.

Immediately before joining the Treasury Department, Dr. Rafuse was President of Phoenix Associates, Inc., a consulting firm in Washington specializing in State-local public finance, and intergovernmental fiscal relations, regional economics, and project evaluation in developing nations. From 1971 through 1976, he was Deputy Chief Economist and then Acting Director of the Research Center of the National Planning Association, a non-profit organization located in Washington. In 1969-71, he was Assistant Director of the Economic Research Division of Mathematica, Inc., a private consulting firm with headquarters in Princeton, New Jersey.

Dr. Rafuse has taught public finance at Princeton University, the University of Illinois at Urbana-Champaign, and the George Washington University, and he has lectured at the Law School of Georgetown University. His experience with the Federal government includes service with the Bureau of the Budget (now OMB) in 1960, the Council of Economic Advisers in 1961, and the Advisory Commission on Intergovernmental Relations in 1964-65.

Dr. Rafuse was born in North Adams, Massachusetts on November 3, 1936. He received his B.A. from Harpur College (State University of New York at Binghamton) in 1958 and a Ph.D. in economics from Princeton University in 1964. He was a Fulbright Scholar at the Institute d'Etudes Politiques of the University of Bordeaux, France in 1958-59.

Biographical Sketch of Kent A. Peterson

Dr. Kent A. Peterson has been employed by the U.S. Department of Treasury since 1975. He received a Bachelor of Arts degree from Princeton University, Princeton, New Jersey, in 1963, a Master of Arts from Yale University, New Haven, Connecticut in 1965, and a Master of Arts and Doctorate degree from Princeton in 1968 and 1970 respectively.

In 1974-75 Dr. Peterson served as a consultant to the Office of Management and Budget, the Executive Office of the President and the Treasury Department, on an evaluation of the General Revenue Sharing Program. He later became an employee of the Department of the Treasury, serving first as Special Assistant to the Under Secretary of the Treasury for Revenue Sharing and Intergovernmental Relations (1975-76), then from 1976-78 as Assistant Director for the Antirecession Fiscal Assistance Program, Office of Revenue Sharing, from 1978-79 as Assistant Director for Evaluation and presently he is serving as Deputy Director.

Dr. Peterson is a resident of the Washington Metropolitan area and the co-producer of a number of published task force studies on revenue sharing.

Biographical Sketch of Charles V. McFadden

Charles V. McFadden is currently the Deputy Assistant Director (Financial Management Division) for the Office of the Secretary. In this position he is responsible for the budget, accounting and payroll functions for the following accounts: Salaries and Expenses, Office of the Secretary, Salaries and Expenses, Office of Revenue Sharing, the General Revenue Sharing Federal Fund and Expenses; the Antirecession Financial Assistance Fund, Repairs and Improvements (to the Main Treasury Building and Annex), International Affairs, Exchange Stabilization Fund, Working Capital Fund, and the New York City Loan Guarantee Fund.

Previously, he was the senior budget and accounting analyst with the U.S. Maritime Commission and was also a senior budget analyst for the Domestic and International Business Administration at the Department of Commerce.

Mr. McFadden has a B.S. degree from Campbell College in North Carolina and is working sporadically on a M.A. at George Mason University. He is married to the former Theresa Knight and has two children, Cady and Matthew.

CATEGORICAL GRANT FUNDING

Senator GARN. I would just comment that as second vice president of the National League of Cities, I was part of the effort in 1972 to enact revenue sharing. At that time we thought revenue sharing would eliminate all the redtape and regulations associated with other Federal programs, as well as quit making mayors local managers for the Federal Government and really elect mayors for their communities. I think the record ought to show that when revenue sharing was enacted in 1972, the program was intended to replace categorical grant-in-aid programs. I don't have a great deal of sympathy with some of my old mayor friends that I worked with for years that now argue for both categorical grants-in-aid programs and revenue sharing.

I have no problem whatsoever with revenue sharing and I will continue to work hard for the program. In addition, I will try to remove categorical grant-in-aid programs to save the original intent of the revenue-sharing program. I feel very, very strongly that the intent is as important as the money. You have to give local government officials the ability and responsibility to make decisions in their own communities rather than having 435 Congressmen and 100 Senators decide for 39,000 units of local government what is best for them.

STATES FISCAL CONDITION

A recent report by the National Conference of State Legislators (NCSL) concluded that 29 States expect to end their current fiscal year with deficits or balances equal to 1 percent or less of their annual expenditure. What is your assessment of the fiscal condition of the States compared with the same time last year?

Mr. HILL. Mr. Chairman, I would appreciate it if you would allow Mr. Rafuse to address that question.

Senator GARN. Certainly.

Mr. RAFUSE. Mr. Chairman, I recall your asking a similar question last year.

Senator GARN. I probably will ask a similar question next year.

Mr. RAFUSE. My answer this year would be similar to the one I gave last year and somewhat, I am afraid—and would apologize in advance—evasive on the issue.

The Department does not do formal monitoring or tracking of the fiscal conditions of the States or of local governments other than New York City where our obligations under the program require detailed monitoring. I believe, in general, it is true that the fiscal condition of the States—I speak now as a reader of newspapers—is somewhat more precarious at this point than it was last year. This is understandable and it is no surprise. The economy is not as strong as it was a year ago.

I would anticipate that the condition of the States would be vastly improved by a year from now. The States respond moderately, not the way many other sectors of the economy do, to fluctuations in the level of economic activity. Consequently, in a recession such as we are now experiencing, fiscal condition becomes tighter and circumstances are more difficult for them; as the economy improves, so will the fiscal con-

dition of the States improve. It is a normal phenomenon. The responsiveness is not all that great. The revenue systems of the States are not that responsive to short-term economic change. The expenditure responsibilities of the typical State are not that responsive to short-term economic developments. But, in general, fiscal problems are normal in a recession when the States' revenue growth is slower than normal.

I would only add that certain States, such as Michigan, are experiencing an unusually large share of problems prompted by the current recession. These States, in particular, are under intense fiscal strain, probably more so than has been experienced at least since the 1974–75 recession. With respect to the State of Michigan, I remember reading an article in the Wall Street Journal suggesting that Governor Milliken is proposing an array of tax increases to deal with their projected deficit. The position of the administration is that these problems are the responsibilities of the States, and I would commend the Governor for coming to grips with them so decisively. I am not approving or agreeing with particular measures, but he is taking the bit in his teeth and going after the problem. That is the way we believe it should be handled.

Senator GARN. The report also indicates that 21 States are experiencing revenue shortfalls below official forecasts, while only 10 exceed their revenue forecasts. Is this in line with your general findings?

Mr. RAFUSE. As I say, we haven't done a review of the specific NCSL survey or the National Governors' Association survey of the fiscal condition of the States. So I don't have an independent basis for saying they are consistent with anything we have done since we haven't done anything.

INCREASED STATE TAXES—NATIONWIDE TREND

Senator GARN. I understand you have not conducted any specific survey. That is why I asked the question in a general way rather than trying to pin you down to specific figures.

The report also notes many States are likely to raise their taxes and reduce their expenditures over the next few months. Have you detected any nationwide trend in this way in State governments?

Mr. RAFUSE. Senator, perhaps the most notable element of tax structures that has been under revision by the States in the past year or so has been on gasoline taxes, as you are probably well aware. I believe an unusually large number of States, roughly half according to the National Association of Tax Administrators, have increased gasoline taxes in the past year. This is not so much in response to the recession as it is in response to the commendable decline in the rate of growth and, in fact, I believe, an absolute decline in gasoline purchases in the past few years. So some of the State highway funds are experiencing difficulty from that phenomenon, which only slightly reflects the recession itself.

I believe there are, and will continue to be, States that, like Michigan, are forced to raise taxes somewhat during a recession, such as we are now in. Most States, however, historically have adapted to recession merely by retrenchment, cutting back the growth in their expenditures rather than by increasing the taxes. I don't believe, apart from the gasolines tax increases which, as I say, are for special reasons and very

widespread, there will be a lot of increases by States of other types of taxes.

QUALITY OF AUDIT REPORTS

Senator GARN. The 1980 amendments to revenue sharing continue the requirement that recipients receiving $25,000 or more annually must have an independent audit of their financial statement at least every 3 years. I understand this requirement applies to approximately 11,000 recipients. What has been your recent experience in reviewing these audits and how did the quality of the recent audits relate to those conducted over the last several years?

Mr. HILL. Mr. Chairman, it is a little closer to 12,000, and generally the quality of the audit report has improved over prior years, and it is probably the result of requiring governments to use generally accepted audit procedures in doing audit work.

Senator GARN. You note in your justification that your audit activities have resulted in substantial improvements in the financial management of States and localities. Other than the generally accepted acounting standards you have already mentioned, can you document other improvements?

Mr. HILL. The most obvious improvement concerns those governments whose records were previously determined to be unauditable and which have since submitted satisfactory reports. Governments of all sizes are included in this category, including the District of Columbia. Although there are numerous governments, mostly smaller ones were audited for the first time in order to meet the requirements of the Revenue Sharing Act.

CATEGORICAL VERSUS GRS TRADEOFF

Senator GARN. What would be the effect of categorical versus GRS tradeoff on your audit activity?

Mr. HILL. Obviously it would add 50 large governments for us to monitor. The size of staff increase would be minimal if that were to come to pass. It would increase some of the audit purview, but it would not be a significant impact on the workload of the Office of Revenue Sharing unless there were other changes that occurred along with the addition of the States.

STATE SHARE-ADMINISTRATIVE PROBLEMS

Senator GARN. Last year you stated that the implementation of payments to State governments would require additional funding and positions for the Office of Revenue Sharing. What kinds of major administrative monitoring and legal problems would you expect to encounter in implementing the State share for the categorical grant program during 1983?

Mr. HILL. I think you are probably referring to what is commonly known as the Levitas amendment to the act, and I would like Mr. Rafuse to address that if he could.

Mr. RAFUSE. Mr. Chairman, again, this is a question that seems to be a perennial one. The answer last year was the same as I would give this

year, and that is essentially that, first of all, the administration has not recommended an appropriation for payments to the States which would trigger the Levitas amendment or grant-trading process. Accordingly, my Office and the Office of Revenue Sharing have not put together the detailed specifications for how that process would work. In the absence of those specifications and the specific answers that the administration might come up with on a number of the questions involved in that process, it is very difficult to speculate about the nature of the additional resources that the Office might require or the problems that might be encountered in that process.

I believe that Mr. Berger of your staff has been given a copy of the Treasury analysis of the grant-trading process that we completed as a staff document last spring. If he doesn't have it, we will be happy to make it available. That was a preliminary exploration that was completed after the hearings last year, essentially trying to identify the key issues and decisions that would have to be made in a drafting of regulations to implement that process. As the administration has not made the recommendation, we thought it not necessary to spend our limited resources on developing the specifics of the process.

GRANT-TRADING ADMINISTRATIVE BURDENS

Senator GARN. In a June 3, 1981, Treasury report, you note that, "Contrary to the widespread impression that grant trading would be difficult, if not impossible, to administer, such a program could almost certainly be implemented without inordinate administrative burdens or redtape." Do you agree with this statement?

Mr. RAFUSE. That, speak of the devil, is a quotation from the report I was just referring to. As author of that report, I, of course, agree with the statement. I think the point is that it was a very high-level generalization. As I say, the details were not worked out. But I think it is true that a modest additional amount of resources made available to the Office of Revenue Sharing—on the order of a dozen or two dozen additional staff—would probably be sufficient to handle it.

Senator GARN. When you say a dozen or two, is that another high-level generalization?

Mr. RAFUSE. A dozen or two, talking about ball park. I think one of the things we established in that report was that there would be burdens or responsibilities cast upon other agencies throughout the Government, as well as upon OMB, as elements of the administration of that process that might require additional resources, at least on a temporary basis. But with respect to our own area, I believe that the finding of that report remains valid, that the actual level of additional resources would be very modest.

LOCAL GOVERNMENT LOSSES

Senator GARN. How much money would you estimate local governments will lose because there will be no pass-through of State funds to localities?

Mr. RAFUSE. Senator, we, unfortunately, have not had the resources to do a retrospective study of what has happened since the States were stricken from the program in the 1980 amendments. As you may recall, we did commission a private consulting firm to do a survey of a sample of States prior to the consideration of the issue in 1980. That study suggested somewhere between 40 and 60 percent of the loss of State revenue sharing would end up as reductions in aid to local governments. I have no basis for evaluating or defending that finding with respect to what has actually happened. As I said, we haven't been able to do a study, so I have no basis for any kind of comparison on the subject.

Senator GARN. Do you know how many States have indicated their interest in returning categorical grants in order to receive State payment of general revenue-sharing funds?

Mr. RAFUSE. None have done so formally. In the course of the staff work for last spring's study, we did contact a number of State officials and they expressed interest in it, but nothing of a formal nature. And we really do not have a basis for speculating about how many might be interested.

REVENUE SHARING RENEWAL PROPOSALS

Senator GARN. Fiscal year 1983 represents the last year for which revenue-sharing funds are authorized under Public Law 96–604. When do you expect to have a legislative proposal transmitted to Congress and, at this time, could you describe any of its specific provisions?

Mr. RAFUSE. The specific nature of the proposals that the administration will put forward will, I think, depend overwhelmingly upon what becomes of the federalism initiative, which is now only a little over a month and a half, on the public record and is, in fact, still being worked out. The revenue-sharing program is one of the 40-plus programs on the list of programs that would be included in the administration's federalism initiative to be turned back to the States. That means that the program would have to be renewed at the end of fiscal 1983 in order for it to be subject to the new variation on the grant-trading process that is involved in providing the States the option of opting out of these programs. So if the federalism proposal goes forward, involving fiscal years 1984 to 1987 as currently contemplated, that implicitly suggests that the administration will be supporting a 4-year renewal of the revenue-sharing program. The details of that renewal proposal, whether changes will be sought in the program, is an issue we haven't addressed yet. I suspect that the best generalization at this point for the revenue sharing and other programs that might have to be renewed, is that the predisposition would be to renew them with the status quo and not try to make a major set of changes in the program. But that is my personal speculation.

With respect to the other part of your question, when such proposals might come forward, there has been no specific decision on that issue. We have been planning the work of my Office, until we converted to working on the new federalism proposal, with a view to submission of the administration's proposal by next fall. It probably would be best to say that the proposal will be up early in 1983 for the renewal of rev-

enue sharing, depending upon what becomes—everything is really contingent upon what becomes of the new federalism initiative.

CIVIL RIGHTS CASE BACKLOG

Senator GARN. One of the issues raised at last year's hearings was the large backlog of civil rights cases pending investigation and resolution. What is the current number of cases pending and which area does the caseload seem to be going fastest? What are you doing to more expeditiously process these complaints within resources and do you have a goal established for processing these cases?

Mr. HILL. Mr. Chairman, as of February 26, there were 882 cases pending. The new caseload—that is, the rate of complaints we are receiving this year—has dropped dramatically. It is at an all-time low. Thus far, we have only accepted 47 complaints. Last year they were coming in at a rate of around 20 to 30 a month. The complaints run the entire spectrum of what you might expect, with a slight amount of increase of complaints involving the employment of handicapped. We have done a number of things internally to try to speed up the complaint review process and move the cases. We have increased our consultation between the Legal and Civil Rights Division. We have established time frames imposed on each step of the administrative complaint process. We have developed standard interrogatories, preinvestigative plans, and we have in place and operational a rather sophisticated civil rights tracking system which allows us to determine where any one case is at any point in the administrative process.

SUBMITTED QUESTIONS

Senator GARN. Gentlemen, on this section of the Department of the Treasury, I will submit the rest of my questions to you for your response in the record. I would now like to turn to the New York City loan guarantee. Some of you are involved in both, some of you are not. So I will dismiss those of you with the Office of Revenue Sharing and ask those of you involved with the New York City loan guarantee program to come forward.

Mr. HILL. Thank you very much, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the agency for response subsequent to the hearing:]

Questions Submitted by Senator Garn

GSA SPACE AND RELATED CHARGES

Question: Your budget justification indicates that you will require an additional $414,000 during FY 1983 because of increasing cost of space projected by GSA.

What percentage increase from your FY 1982 space charges does this represent?

Historically what has been the annual increase in rental charges?

Does the Office, with its decreased employment, expect to occupy more space during FY 1983 than 1982?

Did you question GSA relative to this large increase in rental charge?

Answer: The rental of comparable space for the Office of Revenue Sharing in FY 1983 will cost 150% more than in FY 1982. This is considerably higher than any increases in past years. The annual increase in space rental from 1978 through 1982 has been approximately 1.7% from $260,000 in FY 1978 to $278,000 in FY 1982. The dramatic increase in FY 1983 is not generated from ORS' need for additional space. It results from the fact that GSA expects rental costs to increase in FY 1983 from $8.00 per square foot to $22.00.

Our inquiries reveal that our current rental rate of $8.00/sq.ft. is far below the current cost for comparable space in our present location. We will be exploring with GSA the possibility of subleasing or other ways in which we could handle this sizable increase which would be difficult for us to absorb.

GENERAL REVENUE SHARING DATA AND DEMOGRAPHY DIVISION

Question: This year you have 9 positions authorized in your Data and Demography Division. Your FY 1983 budget justification contains a request for the same 9 positions. One of the functions of this division is to review challenges by local recipients of the accuracy of the allocation formula, specifically the population estimates used in that formula.

What has been the workload of this division during FY 1982 and how has it been impacted by the application of the 1980 census data?

What do you estimate the workload to be during FY 1983?

Answer: The basic function of the Data and Demography Division is to acquire and verify the data elements required for the Revenue Sharing formula allocations. Each of the 51 State areas (including the District of Columbia) requires seven unique data elements to produce the allocation of Revenue Sharing funds among State areas. Additionally, four unique data elements are required for each of the 39,000 recipient local governments to produce entitlements for individual governments. These data series are updated for each entitlement period. Much of that division's resources are used in determining the specifications for those data, negotiating with other Federal Agencies, the schedules for the delivery, and verifying the data after it is received.

As the subcommittee points out, one of the functions of the division is to review challenges by local recipients. Most of the data series used in the formula allocations are updated each entitlement period. Thus challenges are continuously received against these new data as the recipient governments learn how their entitlements are affected. Although the introduction of data from the 1980 decennial census has caused some unusual operational problems, the level of challenges has not changed significantly. The full effect on allocations of the 1980 census has not yet been realized because much of the data (i.e., urbanized population of States, per capita income for States and local governments) were not available for use in the current entitlement period.

For Entitlement Period 13 (FY 1982) the Office of Revenue Sharing received 1,175 data challenges. The total number of data revisions received from the Bureau of the Census since the beginning of the EP-13 data improvement program in May 1981, is 6,623. This figure includes those resulting from the Census Bureau's regular review process. The total number of governments receiving changes to one or more data elements is 4,880. It might be noted that approximately one-fourth of the total revisions were the result of corrections made to the 1980 census count of population.

For entitlement Period 14 (FY 1983) most of the formula data will again be updated. We expect that the Data and Demography Division will experience workloads at least as great as in FY 1982.

Other major activities of the division include:

1. Initiating adjustments to allocations based on revised or corrected data.

2. Determining appropriate data factors for governments in declared disaster areas as prescribed in the revenue sharing statute.

3. Arranging for the collection of data on the use of revenue sharing funds by recipient governments.

4. Researching and preparing responses to all levels of executive and congressional correspondence.

5. Reviewing legislative proposals for revisions in the Revenue Sharing Program and preparing comments to the Director pertaining to the data requirements of such proposals.

MERIT PAY

Question: This year you are requesting an increase of $11,000 to provide employees with merit pay as specified in the Civil Service Reform Act.

With this $11,000 how much would the Office of Revenue Sharing have for merit pay adjustments during FY 1983?

How does this relate to your actual merit payments and expected payments during FY 1982?

Answer: The $11,000 increase requested in FY 1983 for merit pay adjustments represents only amounts going into the pay pool that prior to the Civil Service Reform Act would have funded within grade increases for these same employees. It does not include any provision for the effect of a possible civilian pay raise adjustment in October 1982. These funds would also go into the merit pay pool, but would have to be funded through a supplemental appropriation.

For merit pay performance ending June 30, 1981, the merit pay adjustment in October 1981 (FY 1982) was $54,600.

No merit pay adjustment was made in October 1980 (FY 1981) since the program was not in effect.

DATA PROCESSING COSTS

Question: During FY 1983, you are requesting an increase of $50,000 for data processing costs based on "Historical Data".

What percent increase does this represent over your FY 1982 level?

Answer: The FY 1983 request of $550,000 for data processing costs represents an increase of 10% over the FY 1982

projected level of $500,000. In FY 1981, ORS data processing costs were $614,000. The reduction in FY 1982 is the result of concerted efforts during FY 1981 to hold down computer usage in order to keep within the 12% reduced budgetary constraints. This was accomplished despite heavier demands in usage caused by renewal activities and support services for monitoring and enforcement applications. While, historically, the rates for computer usage have increased by approximately 10% per year, actual costs vary with usage. In FY 1983, ORS expects to maintain usage at the reduced level established for FY 1982. However, costs for the same usage are subject to computer charge rate increases, which have been averaging 10% per year.

PRINTING AND REPRODUCTION EXPENSES

Question: Last year you requested $240,000 for printing and reproduction costs. As a result of the September budget revisions, your operating level for FY 1982 is actually $92,000.

How were you able to realize these savings during FY 1982 — What publications were not printed?

Your FY 1983 request is for $98,000 which continues this lower level of activity.

Can the Office of Revenue Sharing adjust to this lower base level for its long term operations or is this just a budget expediency?

Answer: In FY 1981, the Office of Revenue Sharing printing expense totalled $202,000. To maintain the same level of print activity during FY 1982, ORS initially requested $240,000. This request preceded the Presidential and Departmental moratorium on printing of periodicals and recurring pamphlets. In response to the moratorium and subsequent budget reductions, ORS reviewed and revised various operating strategies affecting the distribution of printed materials. As a result, the printing and distribution of the following were discontinued:

Periodicals	Pamphlets
GRS Initial Data Elements	Audit Commentary
GRS Final Data Elements	Handicap Regulations
GRS Data Definitions for Allocations to State Governments	Age Regulations
	Final Regulations
GRS Data Definitions for Allocations to Local Governments	Revenue Sharing Act
	Revenue Sharing for

Periodicals	Pamphlets
GRS Quarterly Payments	State and Local Govts. (English) Revenue Sharing for State and Local Govts. (Spanish) Alphabetical Guide

The materials above have served to disseminate information to officials in the Legislative and Executive Branches, recipient governments and the public. In the long term, as changes occur in the program as well as among officials in Federal, State and Local governments, the need to know may revive. Consequently, demands may dictate future requirements for printing or some other form of information dissemination.

MONITORING AND ENFORCEMENT

Question: You are currently authorized 82 positions for your Office of Monitoring and Enforcement. Your estimate for FY 1983 is 78 positions. Even though you have proposed th' decrease in employment, your estimates contain an additional $338,000, or 11% increase in funding.

Can you explain the need for this increase?

Answer: The total amount of increase required to maintain FY 1982 levels of operation in FY 1983 is $879,000. Of this amount $476,000 is required to support the Monitoring and Enforcement Activity. The net increase of $338,000 is explained below:

	Monitoring & Enforcement	
	Ave. Pos.	Amount
1. Net cost of within-grade salary increases	---	16
2. Merit pay	---	7
3. Payment to Employee Compensation Fund	---	5
4. Increased payment to GSA for space and related costs	---	244
5. Increased cost of FTS (Federal Telecommunications Systems) and other communications	---	35
6. Annualization of FY 1982 civilian pay raises	---	128

	Monitoring & Enforcement	
	Ave. Pos.	Amount
7. Annualization of FY 1982 pay ceiling adjustments	---	21
8. Increased cost of printing	---	2
9. Increased cost support services .	---	---
10. Increased reimbursement to the Working Capital Fund	---	2
11. Increased cost of travel	---	7
12. Increased cost of postage	---	4
13. Increased cost of equipment rental	---	---
14. Increased cost of health benefits and life insurance	---	5
Subtotal, Other Increases . . .	---	$476
Reduction, nonrecurring costs and savings:		
1. Program reductions	-4	$-138
Net Increase	-4	$ 338

SALARIES AND EXPENSES

Question: This year you are requesting an increase of $217,000 for pay annualization and restoration.

Could you please explain the need for these funds?

Answer: The $217,000 is requested to cover the FY 1982 Pay Act. Personnel compensation and benefits currently comprise 72.1% of the FY 1982 ORS budget.

If ORS does not receive the $217,000 increase, further reductions in personnel staffing - in addition to the 12% mandated by the Congress - will be required. Further reductions will also have to be taken in the areas of travel, printing and reproduction, and support services seriously affecting the program.

14-067 O - 83 - 14

JUSTIFICATIONS

Question: Page 3 and A-1 of your budget justification contains list of increases to your FY 1982 budget. Unfortunately, the table does not contain the base of FY 1982 budget levels to which these increases refer.

Could you please provide such a table for the record and an explanation of each of the increases displayed on that page?

Please do the same for the table appearing on ORS-2 and ORS-3. In the future, please include such information in your budget justification material.

Answer:

DEPARTMENT OF THE TREASURY
Office of Revenue Sharing
Salaries and Expenses

	FY 1982 Base	MCL Increase	FY 1983 Request
1. Net cost of within-grade salary increases	$2,677,000	$ 28,000	$2,705,000

The adjustment provides for the net cost associated with the periodic, statutory, within-grade increases for civil service personnel. A position-by-position analysis of on-board personnel, vacancies in FY 1981, and historical trends in the Department including a lapse factor reflect a total requirement for within-grade increases in FY 1983 of $28,000.

2. Merit Pay	1,017,000	11,000	1,028,000

This adjustment is necessary to provide the GS/GM employees with merit pay, as specifed in the Civil Service Reform Act.

DEPARTMENT OF THE TREASURY
Office of Revenue Sharing
Salaries and Expenses

	FY 1982 Base	MCL Increase	FY 1983 Request
3. Payment to Employee Compensation Fund.	$ 4,000	$ 9,000	$ 13,000
This represents the amount of money the Labor Department has billed the Office of Revenue Sharing for payments to the Employees' Compensation Fund .			
4. Increased payment to GSA for space and related charges	277,000	414,000	691,000
This adjustment is necessary because of increasing costs of space projected by GSA.			
5. Increased cost of FTS (Federal Telecommunications Systems) and other communications.	116,000	60,000	176,000
This adjustment is necessary to provide for the projected increases in the cost of FTS services.			
6. Annualization of FY 1982 civilian pay raises:			
a. Full-year costs of increases	---	2,000	---
b. Restoration of FY 1982 reduction	---	215,000	---
	4,321,000	217,000	4,538,000
Direct Costs	(3,867,000)	(195,000)	(4,062,000)
Indirect Costs - Increased Costs of Reimbursable Agreements relative to Civil Pay Raise	(454,000)	(22,000)	(476,000)

DEPARTMENT OF THE TREASURY
Office of Revenue Sharing
Salaries and Expenses

	FY 1982 Base	MCL Increase	FY 1983 Request
This adjustment provides additional funds that are requested for payment of the costs of the Federal civilian pay raises granted in fiscal year 1982 by Executive Order 12330 dated October 15, 1981.			
7. Pay cap annualization and restoration:			
a. Full-year cost of FY 1982	$ ---	$ 13,000	$ ---
b. Restoration of FY 1982 reduction	---	40,000	---
	488,000	53,000	541,000
This adjustment provides additional funds that are requested for payment of the increased costs associated with the raising of the pay ceiling limit during fiscal year 1982 in P.L. 97-92.			
8. Increased printing costs	92,000	6,000	98,000
This adjustment is based on increased printing charges resulting from increasing labor, paper, and commercial procurement prices.			
9. Increased cost of support services	500,000	50,000	550,000
This adjustment will accommodate increases based on historical data for data processing costs.			

DEPARTMENT OF THE TREASURY
Office of Revenue Sharing
Salaries and Expenses

	FY 1982 Base	MCL Increase	FY 1983 Request
10. Increased reimbursement to the Working Capital Fund	$45,000	$3,000	$48,000
This adjustment provides for an increase in costs associated with the centralized services provided by the Working Capital Fund. This requirement is due to the cost increases experienced by the Fund in the areas of supplies, utilities, communications, rent, and wages.			
11. Increased cost of travel	99,000	7,000	106,000
This adjustment is necessary to help offset price increases.			
12. Increased postage cost	65,000	7,000	72,000
This adjustment is necessary to help offset postage rate increases.			
13. Increased cost of equipment rental	80,000	8,000	88,000
This adjustment is necessary to provide for projected increases in the costs of equipment rentals; it does not provide for any increases in the amount of equipment rented.			
14. Increased health benefits and life insurance costs	75,000	9,000	84,000
This adjustment is necessary to help offset increased health benefit and life insurance charges.			

RENT, COMMUNICATIONS, AND UTILITIES

Question: Your FY 1982 estimate for rent communications and utilities is $594,000 yet your FY 1983 request is for $1,083,000 -- or an increase of 80%.

Why do you require such a large increase in this line item?

Answer: The major portion of the cost increase in this line item is for space rental which accounts for $413,000 of the total increase of $489,000.

For the past five years, the Office of Revenue Sharing has leased space at the Columbia Plaza Highrise Building located at 2401 E St. N.W. Costs have averaged $8.00 per square foot. The Office currently occupies almost 32,000 sq. ft. at an annual cost of $278,000. We have been advised by GSA that it will cost us approximately $22.00/sq. ft. or $691,000 in FY 1983 for continued occupancy at this address.

Anticipated increases in charges for telephones, Federal Telecommunications services, data processing, equipment rentals, postal and other services account for the remaining increases in this line item.

OMB REQUEST

Question: Could you please provide for the record a table comparing your budget and positions request to OMB with the President's request? For this table, please use the level of detail contained on Page 6 of the Departmental Summary.

Answer: Object Class: OMB Request versus President's Budget Request FY 1983

		OMB Request	President's Budget Request	Diff.
1100	Personnel Compensation:			
	Permanent Positions	$3,698	$3,934	$+236
	Positions Other than Permanent	---	---	---
	Other Personnel Compensation	8	8	---
	Special Personal Services Payments	---	---	---
	Total Personnel Compensation.	3,706	3,942	+236
1200	Personnel benefits	$ 369	$ 381	$ +12
2100	Travel and Transportation	106	106	---
2300	Rents, Comm. & Util.	1,083	1,083	---
2400	Printing and Reproduction	98	98	---

		OMB Request	President's Budget Request	Diff.
2500	Other Services	922	944	+22
2600	Supplies and Materials	53	53	---
3100	Equipment	5	5	---
	Total	$6,342	$6,612	$+270 1/
	Authorized Positions	129	135	
	Average Positions	125	131	

1/ This increase is comprised of: a) FY 1982 Pay Act $195 Direct
22 Reimb.
$217
b) FY 1982 Pay Cap Lifting 53
Total Increase $270

SUMMARY OF EMPLOYMENT

Question: Please prepare for the record a table showing the positions by grade for the Office of Revenue Sharing during FY 1981, FY 1982 and FY 1983.

Answer:

Office of Revenue Sharing
Salaries and Expenses
Authorized Positions

	FY 1981 actual	FY 1982 estimate	FY 1983 estimate
ES-1	3	4	4
GS/GM-15	9	7	7
GS/GM-14	22	22	21
GS/GM-13	23	24	19
GS-12	20	20	20
GS-11	12	13	10
GS-10	1	1	1
GS-9	18	16	14
GS-8	4	4	4
GS-7	15	11	10
GS-6	12	8	8
GS-5	14	14	14
GS-4	3	1	1
GS-3	1	1	1
GS-2	1	1	1
Total Perm. Pos.	158	147	135

NEW YORK CITY LOAN GUARANTEE PROGRAM

STATEMENT OF LAWRENCE KIEVES, DIRECTOR, OFFICE OF NEW YORK FINANCE

ACCOMPANIED BY:

ROBERT W. RAFUSE, JR., DEPUTY ASSISTANT SECRETARY (STATE AND LOCAL FINANCE)

CHARLES V. McFADDEN, DEPUTY ASSISTANT DIRECTOR, FINANCIAL MANAGEMENT DIVISION

PREPARED STATEMENT AND BIOGRAPHICAL SKETCH

Senator GARN. If you would like to proceed with your statement.

Mr. KIEVES. I would like to submit my full statement for the record, Mr. Chairman.

Senator GARN. We will be happy to include your entire statement and biographical sketch in the record.

[The statement and biographical sketch follow:]

STATEMENT OF LAWRENCE KIEVES

Mr. Chairman and Members of this distinguished Subcommittee:

I appear before you today to discuss the 1983 budget request for the Treasury Department's Office of New York Finance. My testimony will also briefly review the New York City loan guarantee program and Treasury's activities in FY 1982 with respect thereto, as well as the level of appropriation we believe necessary for the 1983 fiscal year.

The Guarantee Program in FY 1982

The New York City Loan Guarantee Act of 1978 (P.L. 95-339) authorizes the Secretary of the Treasury, during the City's fiscal years 1979-82 (expiring June 30, 1982), to issue up to $1.65 billion of Federal guarantees of City long-term debt. The guarantees are a key element of a four-year, $4.5-billion, long-term financing plan aimed at restoring the City's physical plant while it undertakes massive fiscal reform.

On February 18, 1982, the final $300 million of Federal loan guarantees was issued. This last issuance, which brings the total amount of guarantees provided to New York City to $1.65 billion, does not technically preclude further issuances of guarantees through June 30, 1982. The appropriations legislation accompanying the Guarantee Act provides that, at any one time, no more than $1.65 billion of guaranteed debt may be outstanding. Since the City will have serially redeemed nearly $155 million of guaranteed debt by June 30, 1982, the Treasury Department is technically able to authorize further issuances of up to that amount. However, the original Financing Plan, subsequent modifications thereto up to and inclusive of the current plan, and various agreements relating to the Act treat $1.65 billion as the maximum amount of guarantees to be issued.

As you are well aware, prior to the issuance of each portion of Federal guarantees, the Secretary of the Treasury is required to determine that the City (and other relevant parties) are in compliance with the terms and conditions of eligibility under the Act as well as with the conditions of eligibility under the companion pension fund legislation (P.L. 95-497), which enable the City and State pension funds to purchase City and MAC debt while retaining their tax-exempt status.

Our findings with respect to two of these major conditions of eligibility--the balanced budget and the "no-credit-elsewhere" tests--are summarized below.

Balanced Budget

The City's new Four-Year Plan presented to Treasury on January 15, 1982 projects a revised FY 1983 gap of $854 million, $51 million larger than that gap projected as recently as October 1981. The City plans--as described in its Program to Eliminate the FY 1983 Gap (PEG), also presented in January to Treasury--to close this gap by a set of specific productivity and management

improvements, expenditure reductions, new revenue measures, and new State aid.

In its review of the modified Four-Year Plan, the New York State Financial Control Board concluded that the achievement of budget balance in FY 1983 was subject to "an unusual degree of uncertainty." Thus, to provide protection against these uncertainties, the Board required the City to adopt a $75 million contingency expenditure-reduction program. On February 18, 1982, after the City modified its plan to incorporate the contingency program, the Board certified that the Plan met the standards of State Law--that the current Plan provides a reasonable basis for concluding that the City's budget will be balanced under generally accepted accounting principles (GAAP) FY 1983 and beyond. These contingency measures as well as the City's fiscal performance since 1975--reducing a GAAP deficit of nearly $2 billion in FY 1976 to what most observers believe will be a FY 1982 GAAP surplus in the range of $200 million--suggest that a GAAP-balanced budget in FY 1983 is achievable. It is on this basis that the Secretary found it reasonable to determine that the City will meet the balanced-budget test.

Credit Elsewhere

Another determination the Secretary made prior to the issuance of guarantees was that the failure to issue the guarantees would impair the City's ability to meet its capital financing needs in the long term. This determination related to the key "no-credit-elsewhere" test, which also includes a test as to whether the City and MAC can meet the City's immediate capital financing needs. Although we believe that the City and MAC have more than enough reserve market capacity to meet the City's immediate capital needs, we concluded that investor perceptions of the City's creditworthiness remain sufficiently uncertain that a failure to issue the requested guarantees would impair the City's prospects for meeting its financing needs in the long-term.

On June 3, 1980, MAC's Board endorsed a revised Four-Year Financing Plan. This Plan incorporated the use of the full $900 million of standby Federal guarantees in City fiscal years 1981 and 1982 so that a portion of the proceeds of MAC bonds sold during that period could be held in escrow for City capital spending in City fiscal years 1983 and 1984. With such a Plan, the City would be able to fund capital projects even if it was not able to sell its bonds after 1982 in the amounts contemplated in the original Four-Year Plan. The prospect that City public bond sales would fall short was viewed as increasingly likely, due to generally adverse municipal credit market conditions and a reluctance by the major rating agencies to boost the City's credit rating to investment-grade--which translates into a reluctance by the investor public to purchase City debt on all but a speculative basis.

Since June 1980, the City has progressed within the revised Financing Plan, initially selling $75 million of its own unguaranteed debt in March 1981, the first such public issuance since 1975. This issuance was buoyed by Standard & Poor's decision to grant

the City's general-obligation bonds investment-grade status, lifting a suspension initiated in 1975. While Moody's Investor Services, Inc. maintains below investment-grade status for City bonds, in November 1981 it increased this rating from "B" to "Ba 1," less than one step below investment grade.

Since March 1981, the City has issued an additional $175 million of its own debt and expects to issue another $50 million of debt later this month, thereby fulfilling its public-sale goal for FY 1982.

With respect to the City's seasonal financing needs, the City's ability to access traditional credit sources has improved steadily since its first public note sale in January 1979. Indeed, in connection with the $100 million note sale completed last month, two milestones were reached. For the first time, Standard & Poor's rated City notes and assigned them an A- rating, well above investment grade. Further, for the first time since 1975, the City was able to select underwriters on a competitive rather than on a negotiated basis.

FY 1983 Appropriations

The appropriation for administration of the New York City Loan Guarantee Act in fiscal year 1982 is $822,000. The Administration is requesting an appropriation of $310,000 to fund fiscal year 1983 requirements--nearly two-thirds below our FY 1982 appropriation.

The sharp reduction in funding reflects the reduced staffing made possible by the expiration of the Secretary's authority to issue guarantees on June 30, 1982. The obligation of the participating City pension funds to purchase additional amounts of MAC and City debt also expires at the end of City fiscal year 1982. Thus, no findings under the Loan Guarantee and Pension Acts will be required of Treasury after June 30, 1982. As you are well aware, a major staff effort is required for the preparation of the Secretary's findings prior to the extension of loan guarantees.

Although Treasury's authority to issue guarantees expires on June 30, 1982, the Act and its legislative history and agreements related thereto all require Treasury to maintain its monitoring and oversight functions as long as Federally guaranteed debt remains outstanding in order to ensure the prompt repayment of this guaranteed debt.

Certain critical elements require special attention in the years to come. These include:

1. Section 103(11). The Guarantee Act calls for the advance refunding of Federally guaranteed debt beginning in the City's 1983 fiscal year. The Secretary may waive or modify this requirement to the extent that he determines that it would substantially impair the City's ability to meet its essential capital needs or would substantially overburden the market for long-term City debt. In order to advise the Secretary whether to waive or modify this requirement, the Office must continue to assess the market for City and MAC debt as well as the magnitude of the City's essential capital needs.

2. Events of Default. Article 7 of the Agreement to Guarantee lists certain "events of default" established to ensure that all parties honor their respective obligations under the Agreement so that the City does not resort to any past practices or conditions that may retard its full market re-entry. Treasury must monitor closely the compliance with these obligations and terms.

3. Reports. The Guarantee Act requires semi-annual Reports to Congress with respect to Treasury Activities under the Act through June 30, 1982 and annually thereafter.

Numerous other conditions relating to the agreements must be honored, although non-compliance with these conditions would not constitute an event of default. These conditions relate primarily to the submission of monthly and quarterly reports on the progress of and modifications to the City's Four-Year Financial Plan, monthly reports on litigation challenging the validity of certain parts of the program, semi-annual reports on the City's economic condition and management improvements, and an annual borrowing schedule. These reports are analyzed by the Office in connection with its monitoring of the compliance of the City and other parties with the conditions of continuing eligibility of the Loan Guarantee Act.

Thank you, Mr. Chairman. This concludes the prepared portion of my testimony. I will be pleased to respond to any questions you or other members of the Subcommittee may have.

Biographical Sketch of Lawrence Kieves

Lawrence Kieves is the Director, Office of New York Finance. In this capacity, he supervises both the Washington, D.C. and the field office staff in New York City in performing detailed economic, fiscal and financing analyses to determine New York City's continuing compliance with the terms and conditions of eligibility under the Loan Guarantee Act.

Before coming to the Treasury Department, Mr. Kieves worked for the Select Committee on Governmental Intelligence Operations in the United States Senate and for the Committee on the Judiciary in the United States House of Representatives. From 1971 through 1974, he was Borough Coordinator, Office of Special Community Problems of the Office of the Mayor of New York City.

Mr. Kieves was born in Brooklyn, New York on January 4, 1948. He received his B.S. from Boston University in 1969 and a M.B.A. from Columbia University in 1971.

SUMMARY OF STATEMENT

Mr. KIEVES. I am Larry Kieves. I am currently the Director of the Office of New York Finance.

This morning I would like to discuss in a summary fashion Treasury's activities under the guarantee program for fiscal year 1982 as well as the level of appropriations we seek in fiscal year 1983.

It is an opportune time to have called these hearings because slightly less than 1 month ago, as you mentioned in your opening statement, Treasury issued the final $300 million of loan guarantees under the guarantee program to New York City. As I am sure you are very well aware, the Treasury Secretary is required to determine that the city is in compliance with the various terms and conditions of eligibility under both the guarantee program and the accompanying pension fund legislation. Such determinations were made in connection with this most recent issuance, two of which I would like to briefly discuss—the balanced-budget and no-credit-elsewhere test.

On January 15 of this year, the city presented to the Treasury Secretary a new 4-year financial plan. On the basis of this plan, and subsequent modifications to it, the Secretary was able to determine that the city's budget would be balanced in fiscal year 1983 and beyond in accordance with generally accepted accounting principles—GAAP. This January 15 plan showed a fiscal year 1982 GAAP-balanced budget, the final results of which we believe will actually yield a surplus in the range of $200 million and a substantial fiscal year 1983 deficit in excess of $850 million. The city's plan also included a program to eliminate the gap through specific city and State measures.

However, in its review of the program to eliminate the gap—PEG—plan, the New York State Financial Control Board concluded that the program—and I quote here—contained "an unusual degree of uncertainty," and thus required the city to adopt a $75 million contingency expenditure reduction program. The city acceded to this request, enabling the Secretary to determine that the city had met the balanced-budget requirements under the act.

The Secretary also determined that Treasury's failure to issue the guarantees would impair the city's ability to meet its capital financing needs in the long term. This determination related to the key no-credit-elsewhere test, which also includes a test as to whether the city has sufficient market capacity to meet the city's financing needs. Although we believe the city and the Municipal Assistance Corporation—MAC—have enough reserve market capacity to meet the city's immediate capital needs, we concluded that the investor perceptions were such on the city's creditworthiness that our failure to issue guarantees would impair the city from meeting its financing needs in the long term. Thus, we were able to find the city had no credit elsewhere.

I would like to turn now to our appropriation request for fiscal year 1983. We are requesting $310,000 for fiscal 1983, which represents a nearly two-thirds reduction from our fiscal year 1982 appropriation. The sharp reduction in funding reflects the reduced staffing levels required by the Department because the Secretary is no longer authorized to is-

sue guarantees after June 30 of this year. Thus, no findings will be required under either the Loan Guarantee Act or the accompanying pension fund legislation after June 30. As you are well aware, a significant amount of staff effort was required to prepare these determinations, copies of which have been regularly supplied to the subcommittee staff.

Yet, although Treasury's authority to issue guarantees expires on June 30 this year, the act and its legislative history and agreements related thereto all require Treasury to maintain its monitoring and oversight functions as long as federally guaranteed debt remains outstanding in order to insure the prompt repayment of such debt. Indeed, you and Senator Proxmire have underscored Treasury's continuing obligations under the program on numerous occasions.

This concludes the summary portion of my testimony. If you have questions for me or any of my friends at the table, we would be happy to respond.

EXPENDITURE REDUCTION PROGRAM

Senator GARN. Thank you.

On February 18, 1982, you issued the final $300 million of guarantees under the 1978 Act. In your opening statment, you discuss the findings under the terms of the act and the pension fund legislation. Do you still believe that a $75 million contingency expenditure reduction program is sufficient to guarantee a balanced budget in fiscal year 1983?

Mr. KIEVES. Mr. Chairman, the $75 million contingency expenditure reduction program was called upon by the New York State Financial Control Board to provide protection should downside uncertainties materialize. Treasury is required to conduct its own independent review of the city's financial plan. Our analysis was similar to that of the financial control board but comes to a slightly different conclusion. The city has shown a sizable $850 million gap in fiscal year 1983, which rose incrementally in the out-years. They have also presented a credible program to close this gap, calling for substantial new tax measures and revenue enhancements, productivity improvement measures, and expenditure reductions, as well as substantial new State aid.

Senator GARN. Some of us don't call them revenue enhancements, we call them tax increases wherever they appear. I refuse to be taken in by terms which are used to deceive the American people.

Mr. KIEVES. Well, I think a water and sewer charge is not a tax. I think, perhaps, a fee as opposed to a tax, would be a better term of art.

Senator GARN. Well, if you want to call it that. It is the enhancement that is the deceptive term. I am not criticizing you.

Mr. KIEVES. I know you are not. I am merely paraphrasing language from the mayor's PEG program.

Senator GARN. Well, I picked the term up from a friend of mine who occupies a position downtown.

Mr. KIEVES. This is somewhat off the track, but I believe the term "revenue enhancement" had its origin in 1976 at the peak of the city's fiscal crisis.

Senator GARN. Well, I stand corrected. I won't blame the President for coining the phrase.

Mr. KIEVES. There may be somebody in New York that would actually take credit for coining the phrase.

We think the gap-closing program is a credible program, yet there is disagreement as to the attainability of all the city and State gap-closing measures called for in the program. In addition, there are also certain baseline elements to the financial plan that are uncertain as well. The plan incorporates only a 3-percent wage settlement into the baseline. The city is in negotiations with its municipal unions now and, as you can well imagine, the city's unions claim that a 3-percent settlement is unreasonable. We make no representations as to what the appropriate size of the settlement should be. We merely indicate that it may be somewhat greater than the 3-percent level currently in the baseline, thereby adding to the gap. In addition, the proposed administration cuts on Federal categorical assistance to New York City will again lead to baseline increases in the gap.

There are upside potentials as well. The city's economy appears reasonably healthy. Every year it appears that economically sensitive revenue collections exceed plan levels.

On balance, we believe the city has the wherewithal to balance its budget. The mayor of New York is committed to balancing his budget and has made it his No. 1 priority since his first term in office in 1978 when the GAAP budget deficit exceeded $1 billion. By 1981, the city's budget actually showed a slight GAAP surplus. This historical record, combined with the fact that we believe the city has the resources and the management tools available to balance the budget, enables us to conclude that the balanced budget test will be met.

FISCAL YEAR 1983 FEDERAL BUDGET IMPACTS ON HOUSING AND TRANSIT

Senator GARN. Have you assessed the impact of the 1983 Federal budget on the city in terms of reductions in housing or transit subsidies?

Mr. KIEVES. Without further legislative action, it is difficult to assess the precise impact of such cuts. There are all sorts of conflicting estimates from various parties at this point and I feel no compulsion to place another unassured estimate into the record.

NEW YORK CITY'S CONSTRUCTION PROGRAM

Senator GARN. Recent articles have indicated that New York City is lagging behind its fiscal year 1982 capital construction program and it was unlikely that it would be able to meet its original goal of committing $1.3 billion in city funds to construction projects by the end of the fiscal year in June. What is the status of the city's capital construction program and do you expect it to meet the levels projected in the city's budget?

Mr. KIEVES. The $1.3 billion capital commitment program will probably not be met in fiscal year 1982. We believe that the city will fall between $100 and $200 million short of that goal. However, the goal itself, it should be pointed out, is more than 64-percent higher than the actual results of fiscal year 1981 and more than three times greater than it was in fiscal year 1979.

Senator GARN. Isn't the goal still small, especially when you look at the buildings deteriorating?

Mr. KIEVES. No; there have been numerous studies conducted with respect to New York City's capital plant. The city, in conection with its 1982 fiscal budget, put together a $30 billion capital spending program over 10 years, $16 billion of which is to be raised by the city. The fiscal year 1982 capital commitment plan of $1.3 billion actually declines in fiscal year 1983 to the $1 billion level and then rises to the $1.3 billion level in 1984 and 1985. By fiscal year 1986, when the full measure of the water and sewer revenue bond financing kicks into place, we have long encouraged, actual capital spending will exceed $1.4 billion which, factoring for inflation, is at the appropriate level projected by the city in its 10-year capital plan. The 10-year $30 billion level of capital spending is generally agreed by economic and infrastructure observers, if you will, to be a reasonable level to maintain and renovate the city's capital plant.

NEW YORK CITY LOAN GUARANTEE PROGRAM COST

Senator GARN. Given the 1-percent premium on the seasonal financing program and one-half of 1 percent annual guarantee fee, how much has the New York City program cost on a net basis?

Mr. KIEVES. The program costs nothing. Under the seasonal program, we charged the city 1 percent over Treasury's borrowing rate and thereby we received interest "earnings" in excess of $30 million. When you deduct the administrative cost of the seasonal loan program, which were approximately $3.5 million, there is a net gain of approximately $27 million. Under the Guarantee Act, the city is required to pay a fee of one-half of 1 percent on outstanding guaranteed debt. Through the end of fiscal year 1982, the city will have paid $16 million of such guarantee fees, and when you deduct the cost of administering the loan guarantee program, which is approximately $3 million, we have a profit, if you will, of $13 million. If we assume that the city advance refunds the outstanding guaranteed debt in accordance with the provisions of section 103(11) of the act, then by fiscal year 1988, when our guaranteed debt will have been repaid, there will be a net gain of some $33 million under the loan guarantee program. Thus, under both the seasonal loan and guarantee program the Federal coffers will be filled by more than $60 million.

We don't look at our Office as a profit center, Mr. Chairman, nor are we at all interested in pursuing the business of issuing guarantees for profitability purposes. As you are aware, the Reagan administration is generally opposed to off-budget programs which have the effect of distorting the allocation of capital in America.

SUBMITTED QUESTIONS

Senator GARN. I have some additional questions which I would like to submit to you for response in the record. Do any of you have any additional comments?

Mr. KIEVES. No; I just appreciate your having us here this morning.

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Senator GARN. You are saved from further questions now, since I have to go chair another meeting.

Mr. KIEVES. I am not "saved" at all. Our Office looks upon these occasions as an opportunity to share a full and meaningful dialog with the legislative branch and we are most appreciative of your input. Thank you.

Senator GARN. Thank you very much.

[The following questions were not asked at the hearing but were submitted to the agency for response subsequent to the hearing:]

Questions Submitted by Senator Garn

NYC LOAN GUARANTEE PROGRAM -- NEW YORK CITY ECONOMY

Question: Page 9 of a November 18, 1981, Treasury memo raises some questions about the soundness of New York City's economy. In particular, the memo states "though one may have concluded that the City's economy was thriving, prosperous, and recession-proof, certain factors suggest that no such progress has occurred." In particular, the memo notes that New York City's workplace and total employment is lagging behind the national figures, retail sales growth is abating, and that actual local levels of unemployment, prices and taxes remain intolerably high.

What is the current status of these indicators and what effect do you believe they will have on New York City's financial recovery?

Answer: Generally speaking, in the second half of 1981, the City's economic performance, while showing some signs of slowdown over the last year, generally outpaced that of the nation as a whole.

- The rate of growth in total local employment was higher than that of the U.S. during 1981, and most of the growth was in the private sector.

- The unemployment rate in New York City, while still high, is at the lowest differential from the national average in years--in February 1982, the unemployment rate was 9.2 percent in the city compared with 8.8 percent nationally.

- In 1981, the New York Area CPI grew by 9.8 percent compared with 10.8 percent nationwide. While there is still a favorable differential, the difference is smaller than at any time since 1976.

- Retail sales in New York City grew at a rate of only 4.1 percent in 1981, drastically lower than the 16.5 percent growth rate in 1980 and significantly below the national growth rate of 9.2 percent.

While these indications are probably best characterized as "mixed," they are significantly favorable when compared with the City's performance during the national recessions of the early and mid-1970's. During those periods, the City was unable to withstand downturns in the national business cycle and, perhaps more importantly, unable to participate effectively in the national recovery. The data in support of this

conclusion are staggering. The 1969-70 recession initiated eight consecutive years of job losses in the City totaling more than 600,000. In the 1969-70 recession, New York City lost 100,000 jobs only to be exceeded by a 200,000 job loss in the 1973-75 downturn. The local rate of job loss during these recessions was triple the national average. Of equal importance are data that indicate a job loss of nearly 200,000 in New York between 1970 and 1973, a period which saw a national job growth of 8,000,000.

New York's performance in the 1980 recession and the current recession suggests strongly that the City's economy of today is far more resilient than it was a decade ago. This resiliency is having a positive effect on the growth of revenues that are economically sensitive. In the FY 1978-FY 1981 period, economically sensitive revenues grew by more than $1.5 billion, from slightly more than $4 billion to $5.5 billion, or by nearly 40 percent.

Currently, despite the unfavorable national economic situation, and the uneven local performance, economically sensitive revenues continue to exceed City Financial Plan levels. For the first seven months of City FY 1982, economically sensitive revenues are exceeding Plan amounts by 5 percent, or $176 million. Thus, the local economy appears relatively healthy.

NYC LOAN GUARANTEE PROGRAM — REPAYMENTS

Question: Section 103(11) of the Loan Guarantee Act mandates the refunding of the Federally guaranteed bonds. Starting July 1, 1982, the City is required to refund Federally guaranteed debts at a principal amount not less than 15 percent of the net proceeds from the sale of City indebtedness during each year. Under the statute, the Secretary may waive or modify this requirement if he determines that it would be detrimental to the City's fiscal posture.

It is my understanding that the City's current financing plan for FY 1982 through FY 1985 does not call for the refunding of any Federally guaranteed City debt.

When will the Secretary make a determination as to whether New York City should be held to this requirement?

Answer: Section 103(11) states--in summary--that beginning with the City's FY 1983 (July 1, 1982 - June 30, 1983) and in any successive fiscal year that guarantees are outstanding, the City shall dedicate not less than 15 percent of the net proceeds of both City and Municipal Assistance Corporation (MAC) public debt sales to refund Federally guaranteed debt, unless the Secretary waives such repayment because it would either "impair the City's ability to meet its essential capital needs" or "substantially overburden the market for long-term City debt."

Since this refunding provision is not effective until the City's 1983 fiscal year, it would be inappropriate to make a determination on this matter--which requires a careful review of the City's credit and the overall state of the municipal credit market--until some time after July 1, 1982.

The City is well aware that neither a waiver nor any representation of such has been made by Treasury and that, in the absence of a waiver, the City must abide by the refunding requirement.

Question: What would be the effect on the City's budgets in 1982 through 1985 if the Federally guaranteed debt were refunded at the 15 percent level?

Answer: Should the Secretary not waive the refunding requirement, based upon the current plan for City public sales, advanced refunding of Federally guaranteed debt would equal $82.5 million, $105 million, $150 million and $165 million in fiscal years 1983-86, respectively--a total of $502.5 million.

Question: Has the City included in its financial plans the one-half of 1 percent guarantee fee payment on the outstanding guaranteed bonds?

Answer: Yes. The City includes in its debt-service calculations the fee on outstanding guaranteed debt.

NYC LOAN GUARANTEE PROGRAM -- CONSULTANT COSTS

Question: How much have you included in your budget request for the hiring of consultants during FY 1983?

Answer: We have requested no funds for consultants in FY 1983.

Question: How does this compare to your FY 1981 and FY 1982 levels?

Answer: In FY 1981, $184,000 was budgeted for consultants' services; the contract with the consulting firm expired on September 30, 1981. We have not renewed that contract in the current fiscal year--FY 1982--and have obligated no funds for other consulting services.

Question: Under what circumstances would you require the services of consultants during FY 1983?

Answer: It is extemely unlikely that consultants' services would be required in FY 1983. Although Treasury retains the responsibility to ensure the repayment of guaranteed bonds outstanding, and must make policy decisions about repayments, all necessary work can be done by Treasury staff.

NYC LOAN GUARANTEE PROGRAM -- LANGUAGE CHANGE

Question: This year you are requesting a deletion of a contingency liability limitation on the loan principal from the Appropriation language contained in last year's bill.

Why have you requested this deletion and what effect, if any, will it have on the exposure of the Federal Government to potential liability?

Answer: The deletion of the loan guarantee limitation results from the expiration of the authority to issue loan guarantees after June 30, 1982. No limitation is required in FY 1983. The deletion of this language will have no effect on the Federal government's potential liability.

NYC LOAN GUARANTEE PROGRAM -- ADMINISTRATIVE EXPENSES

Question: During FY 1981, the administrative expenses of the New York City Loan Guarantee Program totaled $903,000. In FY 1982, $822,000 will be required to administer the program. Your request for FY 83 is for $310,000, or a decrease of $512,000 from the FY 82 level.

How will the program absorb this decrease, and what will be the funding and staffing levels of the Treasury Department's Office of New York Finance for FY 83 compared to the levels in FY 82?

Answer: The sharp reduction in funding reflects the reduced staffing attendant upon the expiration on June 30, 1982, of the Secretary's authority to issue guarantees. The obligation of the participating City pension funds to purchase additional amounts of Municipal Assistance Corporation (MAC) and City debt also expires at the end of City fiscal year 1982. Thus no findings under the Loan Guarantee and Pension Acts will be required of Treasury after June 30, 1982. As you are well aware, substantial effort has been devoted to the preparation of the Secretary's findings prior to the extension of loan guarantees. Thus, the staffing level of the Office of New York Finance will be reduced from 11 full-time positions in FY 1982 to 6 full-time positions in FY 1983.

NYC LOAN GUARANTEE PROGRAM--STAFFING

Question: Please prepare for the record a table showing the positions by grade for the New York City Loan Guarantee Program during FY 1981, FY 1982 and FY 1983.

Answer:

FUNDED POSITIONS FOR NEW YORK CITY LOAN GUARANTEE PROGRAM

	FY 1981	FY 1982	FY 1983
GS-15	3	3	2
GS-14	2	2	1
GS-13	1	1	—
GS-12	1	1	--
GS-11	1	1	—
GS-09	2	2	2
GS-07	1	1	1
GS-06	1	1	--
GS-05	1	1	--
GS-04	1	1	--
Total . . .	14	14	6

SUBCOMMITTEE RECESS

Senator GARN. The subcommittee will stand in recess until March 23, at 10 a.m., when we will receive testimony from the Veterans Administration.

[Whereupon, at 11:40 a.m. Tuesday, March 16, the subcommittee was recessed to reconvene at 10 a.m., Tuesday, March 23.]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

TUESDAY, MARCH 23, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn (chairman) presiding.

Present: Senators Garn, Proxmire, and Sasser.

VETERANS ADMINISTRATION

STATEMENT OF ROBERT P. NIMMO, ADMINISTRATOR

ACCOMPANIED BY:

CHARLES T. HAGEL, DEPUTY ADMINISTRATOR
JOHN P. MURPHY, GENERAL COUNSEL
WILLIAM F. SULLIVAN, ASSOCIATE DEPUTY ADMINISTRATOR FOR LOGISTICS
CONRAD R. HOFFMAN, ASSISTANT DEPUTY ADMINISTRATOR FOR BUDGET AND FINANCE
DR. DONALD L. CUSTIS, CHIEF MEDICAL DIRECTOR
DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR
PAUL T. BANNAI, CHIEF MEMORIAL AFFAIRS DIRECTOR
CLYDE C. COOK, ASSISTANT DEPUTY ADMINISTRATOR FOR PROCUREMENT AND SUPPLY
CARL HUGHES, M.D., ASSISTANT CHIEF MEDICAL DIRECTOR FOR PROFESSIONAL SERVICES

BUDGET REQUEST

Senator GARN. The subcommittee will come to order.

Mr. Nimmo, I would like to welcome you to your first appearance before this subcommittee.

There are about 30 million veterans, 56 million family members of living veterans, and 3 million survivors of deceased veterans. Thus, almost 90 million or about 40 percent of the total U.S. population are potential recipients of veterans benefits provided by the Federal Government.

About 32 percent of VA's total budget and 90 percent of the VA's total employment of 217,465 is engaged in providing medical care and

treatment. The functional arm of the VA that administers and operates this medical care delivery system is the Department of Medicine and Surgery which was established in 1946. The Department operates the largest medical care delivery system in the United States with 172 medical centers.

VA's funding request of approximately $24.1 billion is composed of $15.1 billion in benefits, $7.7 billion in medical programs, $611.5 million in construction programs, and $693.4 million for general operating expenses. In aggregate, this request represents an increase of $86.5 million over the fiscal year 1982 level budget. The fiscal year 1983 budget assumes the enactment of $233.9 million in legislative savings. Not included is a fiscal year 1983 proposed legislative requirement of $771 million for a cost-of-living increase in the VA compensation program. The budget assumes an increase of 955 average employment over the fiscal year 1982 level.

Please proceed with your opening statement. If you would like to summarize your remarks, we will be happy to place your entire statement in the record.

OPENING STATEMENTS

Mr. NIMMO. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you this morning and present the VA's budget. As you suggest, I would be pleased to offer my formal statement for the record. If I may, I thought I might just briefly make some informal comments about my perspective of the Veterans Administration and what I see as some of the things we need to do.

Senator GARN. That would be fine.

[The statements follow:]

STATEMENT OF ROBERT P. NIMMO, ADMINISTRATOR

Mr. Chairman and members of the Committee, I am pleased to appear before you to testify in support of the Veterans Administration's fiscal year 1983 budget.

This budget is supportive of President Reagan's goal of economic recovery, and in my opinion, is a favorable budget for veterans. It will enable VA to continue to provide quality medical care, priority medical research, an increase in total agency employment of 955, and will provide for an 8.1% cost-of-living increase in compensation and pensions for disabled veterans. More attention is also being devoted to the problems of aging veterans. The budget assumes favorable Congressional action on several legislative proposals that would help offset part of the cost of these proposed improvements, in line with the President's economic objectives.

The total budget authority requested for 1983 is $25.6 billion. This consists of an appropriations request of $24.1 billion, including legislative cost-savings proposals of $233.9 million; obligations from permanent authorizations of $726.5 million; and new proposed legislation with cost increases of $775.8 million.

This is a net increase of $866.7 million in budget authority over the amount for fiscal year 1982, which does not include 1982 funding totaling $175.7 million for the October 4, 1981, 4.8 percent pay raise. The additional pay cost for 1983 is included in this request, but the Administration plans to ask for 1982 supplemental funding at a later date.

Although this 1983 request is the largest budget proposal in Veterans Administration history, we believe it is justifiable and welcome the opportunity to present it to this Committee during the course of these hearings. I will now highlight the appropriation requests by account.

BENEFITS PROGRAM

In the benefits program, our budget request again proposes splitting the Compensation and Pensions appropriation into three separate appropriations: Compensation; Pensions; and Burial Benefits and Miscellaneous Assistance. We feel this split will better represent and justify these programs in the budget process.

COMPENSATION

For Compensation, we are requesting an appropriation of $9.4 billion, which is a decrease of $229 million from 1982. The $9.4 billion request includes cost-saving proposals totaling $145.7 million for which legislation will be proposed this year. Legislation for an 8.1 percent cost-of-living rate increase also is being proposed, to be effective October 1, 1982, at an additional cost of $771 million in 1983.

PENSIONS

Pensions are estimated at $3.9 billion including automatic cost-of-living increases of 8.1 percent effective June 1, 1982, and a projected increase of 6.5 percent effective June 1, 1983. This level is $133 million below the estimate for Pensions in 1982 and includes cost-savings legislation totaling $62.7 million.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

Burial Benefits and Miscellaneous Assistance will require $141 million, down $6 million from 1982 requirements. This is primarily due to the transfer of invalid lifts and devices to the Medical Care appropriation.

READJUSTMENT BENEFITS

Readjustment Benefits will continue to decline in 1983 with a request of nearly $1.7 billion, which is $279 million below 1982. This is because the number of GI Bill trainees continues to decline, reflecting the decrease in the number of eligible veterans as more veterans reach their delimiting date or attain their educational goals. This budget request includes the elimination of all correspondence training as well as the additional allowance to dependents of veterans in vocational rehabilitation training. These cost-savings legislative proposals total $25.3 million.

HOUSING LOAN PROGRAMS

To conform to the Administration's policy to replace Federal credit with private credit, VA is initiating the sale of its loan portfolios in the Loan Guaranty and Direct Loan programs.

MEDICAL CARE

The Medical Care appropriation request for 1983 is $7.5 billion, an increase of $530 million over the request for 1982. This request will provide Medical Care funds for a record 1.4 million inpatients treated and for 18.1 million outpatient medical visits. The pay raise effective October 1, 1981 and related increases, and costs of inflation and increased usage, account for $457 million, or 86% of the increase. Funding is also provided for one new outpatient clinic and activation of four recently constructed new Nursing Home Care Units.

This request will increase Medical Care average employment by 1,259 to 187,546, a level that will produce the highest VA hospital staff-to-patient ratio in the Agency's history. This employment increase is primarily for workload increases for the new facilities and expansion and relocation of five existing outpatient clinics. The impact of the increasing staffing ratio is reflected in the trends of reduced need for hospital beds while the number of patients treated continues to increase.

MEDICAL AND PROSTHETIC RESEARCH

The Medical and Prosthetic Research appropriation request of $137.8 million is $9.6 million higher than the request for 1982, although average employment is down 199 to 3,914. The research program will continue to emphasize high priority programs most relevant to the health care of veterans.

CONSTRUCTION

The 1983 request for the two construction appropriations totaling $644.4 million includes funding of $594.3 million for medical facility projects; $1.6 million for cemetery projects; $15.5 million for advance planning for future projects; and $33 million for general administration. Reflected in the request is a reprogramming of $32.9 million from prior available balances. A major emphasis of the construction program as set forth in our request is the correction of safety and other code deficiencies.

Of the medical facility projects, 18 are new projects, while ten had some prior funding. Four nursing home care projects, adding 360 new beds, and two new outpatient clinic projects, reflect continued emphasis on alternatives to hospitalization as the most effective means of caring for veterans.

GENERAL OPERATING EXPENSES

For the General Operating Expenses appropriation, we are requesting $693.4 million in budget authority and 21,232 average

employment in the 1983 budget. This is an increase of $53.2 million in budget authority and a net decrease of 161 average employment from the 1982 level.

The cost increases are primarily for payroll, space rental, and other administrative expenses. Program enhancements include continuation of the expansion of Centralized Accounting for Local Management to 43 medical centers and the opening of two new national cemeteries. The Indiantown Gap, Pennsylvania National Cemetery and the Quantico, Virginia National Cemetery will open during fiscal year 1983. The net employment decrease is due primarily to workload declines in the Education and Loan Guaranty Services of the Department of Veterans Benefits. The only significant increase in employment is for the accounting system conversion which will add 66 employees to the Office of Budget and Finance; however, more than twice as much employment, a total of 136, is reduced under the Medical Care appropriation.

NEW ADP INITIATIVES

In order to promote increased effectiveness and efficiency in the VA's nationwide medical care system, the Agency is moving toward decentralization of ADP resources to the local hospital level. Through the use of distributed data processing, each VA medical center will install its own on-board computer capability using mini or micro computers and appropriate support equipment. Decentralization will provide better services in VA medical centers by improving administration and patient scheduling and speeding up pharmacy and laboratory processes. In addition, increased computer systems support is planned to continue expansion of the automated accounting system mentioned above.

This concludes my statement and we are now prepared to discuss the details of the budget request with you and members of the Committee.

STATEMENT OF DONALD L. CUSTIS, M.D., CHIEF MEDICAL DIRECTOR, DEPARTMENT OF MEDICINE AND SURGERY

The Department of Medicine and Surgery is committed to improving the management of resources to achieve maximum effectiveness and efficiency in the delivery of quality health care to veterans.

The fiscal year 1983 budget submission was formulated in accordance with Presidential Policy and subjected to a number of in-depth reviews and modifications. The requested increases of 1,167 average employment (FTEE) and $542 million for medical accounts are for uncontrollables, e.g. inflation and increased usage and payroll needs including the 1983 requirements for the October 1981 pay raise; activation requirements for newly constructed DM&S field facilities; and essential program changes.

The VA operates the largest health care delivery system in the United States. In fiscal year 1983 the Veterans Administration will treat 1.4 million inpatients with over 1.2 million of these treatments in VA facilities. In addition, we will provide for over 16.0 million medical and dental staff visits in our facilities and will administer a fee

program providing treatment for 2.1 million medical visits and 60 thousand fee dental cases.

A total of 187,546 FTEE and approximately $7.5 billion are requested in fiscal year 1983 to accomplish the VA Medical Care mission. This is an increase of 1,259 FTEE and approximately $530 million over the fiscal year 1982 revised budget. Within this increase, $457 million are associated with uncontrollable increases.

Additional resources are requested to support activation requirements, OMB Circular A-76 studies, an increase in Education and Training activities, increased capital investments, and various transfers of funding responsibility. In addition, the fiscal year 1983 budget request provides for new or expanded initiatives in the areas of pharmacy unit dose, spinal cord injury, Medical District Initiated Program Planning (MEDIPP), Geriatric Research, Education and Clinical Centers (GRECCs) enhancement, and ADP minicomputer applications.

These increases are offset by savings resulting from conversion to Centralized Accounting for Local Management (CALM), cost containment in radiology, laboratory, and pharmacy operations, and a reduction in beneficiary travel payments. The total net change from fiscal year 1982 related to workload and program changes is an increase of 1,259 FTEE and $73 million.

Under Medical Administration and Miscellaneous Operating Expenses (MAMOE), we are requesting 853 FTEE and $55.8 million in fiscal year 1983. This request is an increase of $415,000 over the fiscal year 1982 appropriated level of $55.4 million.

Utilizing this increase and realigning existing activities within the MAMOE appropriation sufficient resources will be available to meet the uncontrollable requirements of inflation and pay; provide for physicians and dentists special pay and certain studies mandated by P.L. 96-330; allow for enhancement of the eight existing GRECCs.

Support for DM&S Central Office staff is essential if we are to continue to provide medical program supervision and administration, including the development, coordination, and implementation of national policies and plans regarding medical care of the veteran population.

Under Medical and Prosthetic Research, we are requesting 3,914 FTEE and $137.8 million in fiscal year 1983, a decrease of 199 FTEE and an increase of $9.6 million from the 1982 budget level. The $9.6 million

increase is necessary to fund uncontrollable increases which include inflation, the October 1981 pay raise, and other requirements necessary to maintain the Research Program at the fiscal year 1982 level of operations. Fiscal year 1982 research employment will average 4,113 for the year, and is estimated to be approximately 3,900 at year end. The 1983 request of 3,914 FTEE will continue the 1982 end of year employment levels into 1983.

Under Grants for Construction of State Extended Care Facilities, we are requesting $18 million, an increase of $2.2 million over the 1982 level of $15.8 million.

In the Grants to the Republic of the Philippines, we are requesting $500,000 in fiscal year 1983. Public Law 97-72 authorized this annual grant program to support the maintenance and upkeep of the Veterans Memorial Medical Center physical plant and facilities.

In summary, the request for programs of the Department of Medicine and Surgery totals 195,797 average employment and $7.7 billion, which is 1,167 average employment and $542 million over fiscal year 1982. Approximately 87% of the increase is required for uncontrollables and related requirements.

STATEMENT OF PAUL T. BANNAI, CHIEF MEMORIAL AFFAIRS DIRECTOR, DEPARTMENT OF MEMORIAL AFFAIRS

THE DEPARTMENT OF MEMORIAL AFFAIRS IS RESPONSIBLE FOR THREE VETERANS ADMINISTRATION MISSIONS: FIRST, THE OPERATION AND MAINTENANCE OF THE VETERANS ADMINISTRATION NATIONAL CEMETERY SYSTEM; SECOND, THE PROCUREMENT AND SHIPMENT TO DESTINATION OF HEADSTONES AND MARKERS FURNISHED UPON APPLICATION FOR GRAVES IN BOTH NATIONAL AND PRIVATE CEMETERIES; AND THIRD, THE GRANT PROGRAM FOR AID TO STATES IN ESTABLISHING, EXPANDING OR IMPROVING STATE VETERANS CEMETERIES.

THE MANAGEMENT STRUCTURE WITHIN THE DEPARTMENT OF MEMORIAL AFFAIRS TO SUPERVISE AND CONTROL OUR ASSIGNED MISSIONS CONSISTS OF A CENTRAL OFFICE STAFF AND THREE AREA OFFICES, PRESENTLY LOCATED IN PHILADELPHIA, ATLANTA, AND SAN FRANCISCO.

A TOTAL OF 140 CEMETERIAL INSTALLATIONS ARE NOW INCLUDED IN THE NATIONAL CEMETERY SYSTEM, OF WHICH 108 ARE NATIONAL CEMETERIES AND 32 ARE MISCELLANEOUS BURIAL PLOTS AND MONUMENT SITES. THE 108 NATIONAL CEMETERIES INCLUDE THREE NEW ONES WHICH HAVE NOT YET OPENED. ONE IS SCHEDULED FOR OPENING IN LATE SPRING 1982, THAT IS THE FORT CUSTER POST CEMETERY; AND TWO ARE SCHEDULED FOR OPENING IN FY 1983

AT INDIANTOWN GAP, PA AND QUANTICO, VA. THE NATIONAL CEMETERY AT FT. CUSTER IS SCHEDULED TO OPEN IN FY 1984. TWO NEW CEMETERIES ARE SCHEDULED TO BE OPENED BEYOND FY 1984 AT FT. MITCHELL, ALABAMA, AND IN CENTRAL FLORIDA.

UNDER THE GENERAL OPERATING EXPENSES APPROPRIATION, WE ARE REQUESTING $37,728,000 IN BUDGET AUTHORITY FOR CEMETERIAL OPERATIONS AND MAINTENANCE. SOME 68% OR $25,499,000 OF THIS IS FOR SALARIES AND OTHER RELATED BENEFITS AND WILL FUND AN AVERAGE EMPLOYMENT OF 1,164. THE OTHER 32% OR $12,229,000 WILL BE USED FOR EQUIPMENT, SUPPLIES, FUEL, CONTRACTS, AND COMMUNICATIONS.

DURING FY 1983, WE EXPECT TO ACCOMPLISH 45,000 INTERMENTS AND MAINTAIN 1,514,300 OCCUPIED GRAVESITES. IN ADDITION, OUR WORKLOAD INCLUDES THE PROCESSING OF 290,000 APPLICATIONS FOR HEADSTONES AND MARKERS.

THE 1,164 AVERAGE EMPLOYMENT WE PLAN TO FUND IN FY 1983 INCLUDES 353 GENERAL SCHEDULE EMPLOYEES AND 811 WAGE GRADE EMPLOYEES. WE HAVE COMPUTED THE PERSONNEL REQUIREMENTS ON THE WORKLOAD RATIO OF ONE EMPLOYEE PER 167 INTERMENTS AND ONE EMPLOYEE TO MAINTAIN 2,857 OCCUPIED GRAVESITES.

THE FY 1983 REQUEST FOR CONSTRUCTION FUNDS TOTALS $2,170,000. WITH THESE FUNDS, WE WILL DEVELOP 14,800 ADDITIONAL GRAVESITES IN THE FORT SNELLING NATIONAL CEMETERY. INCLUDED IN THE REQUESTED AMOUNT IS $500,000 FOR THE ADVANCE PLANNING FUND.

FY 1983 WILL BE OUR FOURTH YEAR OF OPERATION OF THE STATE CEMETERY GRANTS PROGRAM. NO ADDITIONAL FUNDING WAS REQUESTED FOR FY 1982 BUT CURRENT EXPERIENCE INDICATES THAT AN ADDITIONAL $2,500,000 WILL BE NEEDED FOR FY 1983.

THAT BRIEFLY SUMMARIZES THE FY 1983 BUDGET REQUEST FOR THE DEPARTMENT OF MEMORIAL AFFAIRS. I WILL BE GLAD TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Statement of Dorothy L. Starbuck, Chief Benefits Director

Mr. Chairman and Members of the Subcommittee, I am pleased to present the Department of Veterans Benefits' fiscal year 1983 appropriations request. The Department administers an integrated program of veteran benefits consisting of compensation, pension, burial, education, vocational rehabilitation and counseling, loan guaranty, insurance, fiduciary and field examination, and veterans assistance activities. The Department of Veterans Benefits' request for nearly $15.6 billion represents about two-thirds of the VA's approximately $24.1 billion in appropriation requirements.

Compensation and Pension benefits are the largest segment of our budget. Our 1983 request for these benefits is $13,430,800,000. This amount is $367.4 million less than our 1982 level and includes savings of $191.5 million in legislative initiatives. Again this year, we have presented our Compensation and Pension appropriation as three separate accounts.

The 1983 appropriation request for Compensation is $9,374,900,000. This request, which is $229 million less than the 1982 adjusted estimate, is based upon:

- A projected increase of over 5,700 compensation cases in 1983;
- Increased average program-wide costs, because of higher average degrees of disability;
- Higher than average benefit payments for new accessions to the DIC program because of higher pay grades of deceased veterans
- Savings legislation included in our request totaling $145.7 million; and
- An anticipated surplus of $93.5 million at the end of 1982 which is being used to reduce the 1983 budgetary requirements

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THE APPROPRIATION REQUEST FOR PENSIONS IS $132.7 MILLION LESS THAN THE ESTIMATED 1982 AMOUNT AND TOTALS $3,914,900,000. AGAIN, OUR REQUEST INCLUDES SAVINGS LEGISLATION TOTALING $45.8 MILLION. IT ALSO INCLUDES AN ANTICIPATED SURPLUS OF $111.9 MILLION, WHICH IS BEING USED TO REDUCE THE 1983 BUDGETARY REQUIREMENTS.

WE EXPECT A PENSION CASELOAD DECREASE OF 83,000 FROM THE 1982 LEVEL OF 1,846,000. HOWEVER, AVERAGE PAYMENTS ARE EXPECTED TO INCREASE, PRIMARILY BECAUSE OF AUTOMATIC COST-OF-LIVING INCREASES PROVIDED BY PUBLIC LAW 95-588 (THE PENSION IMPROVEMENT ACT).

THE BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE PORTION OF OUR APPROPRIATION ENCOMPASSES A COMPREHENSIVE BURIAL BENEFIT PROGRAM, SEVERAL SPECIAL PAYMENT CATEGORIES, MORTGAGE LIFE INSURANCE, AND THE VETERANS GROUP LIFE INSURANCE PROGRAM. WHILE THERE ARE INCREASING MORTALITY RATES, AND LARGER VETERANS MORTGAGE INSURANCE CONTRIBUTIONS, THE ADMINISTRATIVE TRANSFER OF INVALID LIFTS AND DEVICES TO THE MEDICAL CARE APPROPRIATION IN 1983 WILL LOWER 1983 REQUIREMENTS $5.7 MILLION BELOW THOSE OF 1982; THE APPROPRIATION REQUEST FOR THIS CATEGORY IS $141,000,000.

TO SUMMARIZE, THE 1983 REQUIREMENTS OF THE BENEFIT APPROPRIATIONS ARE 2.4% LOWER THAN THE 1982 APPROPRIATED LEVEL. THIS FUNDING WILL PROVIDE AN AVERAGE MONTHLY COMPENSATION BENEFIT OF $298 FOR OVER 2.6 MILLION VETERANS AND THEIR SURVIVORS. IT WILL ALSO PROVIDE NEARLY 1.8 MILLION VETERANS AND THEIR SURVIVORS AN AVERAGE MONTHLY PENSION INCOME OF $190.

I ALSO WOULD LIKE TO POINT OUT THAT AN 8.1% COMPENSATION RATE INCREASE WILL BE PROPOSED FOR FISCAL YEAR 1983. THIS INCREASE WOULD BECOME EFFECTIVE ON OCTOBER 1, 1982, AND WOULD BENEFIT VETERANS, SPOUSES AND CHILDREN RECEIVING DIC (DEPENDENCY AND INDEMNITY COMPENSATION), AND VETERANS WHO RECEIVE A CLOTHING ALLOWANCE. THE ESTIMATED 1983 COST OF THIS LEGISLATION--$771 MILLION--IS NOT REFLECTED IN OUR APPROPRIATION REQUEST.

Our $1,665,800,000 Readjustment Benefits Appropriation request for 1983 is $279.1 million lower than the 1982 level and includes savings legislation amounting to $25.3 million. A reduction in the number of G.I. Bill (chapter 34) trainees is also contributing to the decrease. It is expected that nearly 150,000 fewer veterans and servicepersons will train in fiscal year 1983 than will train in fiscal year 1982. This decrease is mostly attributable to a greater number of veterans reaching their 10 year delimiting date and fewer servicepersons eligible for Chapter 34 benefits.

These funds will provide monthly education assistance payments to: 692,100 Vietnam era veterans and servicepersons; 30,000 disabled veterans in need of vocational rehabilitation; and 89,500 children and dependent spouses. Also provided for are 840 specially adapted housing grants, 650 automobile grants, and 14,100 automotive adaptive equipment items.

Education overpayments continue to decline. In 1981 $261.4 million in overpayments were established--a 9% decrease from 1980. The balance of overpayments on hand decreased from $435 million at the end of fiscal year 1981 to $424.7 million on January 31, 1982. This downward trend is expected to reverse however, at the end of 1982, to a level of $541 million, as a result of the reactivation of previously terminated overpayments, amounting to $187 million. In 1983 this balance will decrease to $415.8 million as we expect to collect approximately $30 million in the first year subsequent to the reactivation and continue our increased emphasis on debt collection.

Loan origination activities for this fiscal year and 1983 originally were estimated slightly higher than they were in fiscal year 1981. However, current origination activity is less than we expected. Through January 1982, we have guaranteed 32,410 loans, a 60% decrease from the 1st quarter of 1981. Based on the administration economic assumptions, we anticipate that interest rates will thaw with spring and activity will increase.

Despite a projected $206.1 million increase in costs to the Loan Guaranty Revolving Fund in 1983, loan sales are expected to more than offset these costs. We are proposing to offer for sale all salable loan assets in FY 1983. Loans worth $1.0 billion will be sold from the Loan Guaranty fund and $200 million from the Direct Loan fund.

While property management activities during fiscal years 1982 and 1983 are expected to be slightly lower than they were in 1981, we will continue our efforts to maintain a low inventory.

Loan servicing activities assist veterans in retaining their homes as well as help moderate any rises in our housing program costs. Improved supplemental servicing efforts during 1981 resulted in maintaining the rate of cured defaults at 91.4% in 1981, nearly the 91.7% experienced in 1980. We will continue to try to improve these percentages.

VA's Insurance Programs make what we feel are significant contributions by providing insurance protection for veterans, their families and dependents. Since only one of the five government administered insurance programs is available to new enrollees, the total number of insured veterans is expected to decline. Also, as the average age of insured veterans rises, death and disability claims can be expected to rise. Four of our five insurance programs pay dividends. In calendar year 1982, 4 million veterans will share in a record $664.6 million in dividends.

The final area I would like briefly to mention today involves the Department's 1983 GOE Budget Request of $470,426,000, which is $26,954,000 more than 1982, and will support an average employment of 15,422, a reduction of 218 from 1982. Most of the increase is in payroll because the effect of the October 1981 payraise is not reflected in the 1982 Current Estimate. A payraise supplemental will be handled separately. The balance primarily reflects a net increase of over $6 million in rents, communications, and utilities.

Mr. Chairman, this concludes my statement. We will be glad to discuss our budget with the Subcommittee.

Mr. NIMMO. When I came to the Veterans Administration about 10 months ago, it was without any preconceived ideas and with very little knowledge of the agency. But I did learn that there had been no real review or examination of the agency, its mission, where it was going, and why, since 1978. It seemed important to me that we reexamine the entire agency, what our mission was, and how best to accomplish it, particularly in light of the economic and social environment in which we find ourselves.

As a consequence of that, we have started some new initiatives, the first one being a change in direction in the use of data processing in the agency, particularly as it relates to the delivery of medical care. We think this is an important advancement and one that will improve medical care at the same time that we encounter some cost savings.

The second major area is construction. I found when I came to the agency that we had a 5-year building plan amounting to some $5.7 billion to be expended over the 5-year period. It seemed clear to me we would not be able to support that kind of program. In addition, it also became evident we did not have the kind of criteria necessary to respond to the request of this committee for such criteria. It also seemed apparent that a good number of the projects in the 5-year plan did not reflect the changing demographics of the veteran population.

The real questions were, in my mind at least, what do we need, where do we need it, and when do we need it, in terms of hospitals, nursing home care centers, and domiciliaries.

We had, it seemed to me, to consider the surge of aging Americans that is going to go through our system in the next 15 or 20 years. It also seemed important that we not find ourselves at the end of 15 or 20 years with a number of large acute care facilities on our hands for which we have no clients. Also, it became apparent to me in the examination of our construction program and the examination of the facilities themselves around the country that we were, in many cases, overdesigning and overbuilding, that some of our designs were simply too exotic and some of them were not practical.

At the same time, inspection visits and studies by the VA Inspector General indicated that a good number of the facilities that were on the drawing boards and planned were simply not required.

So because of all of these things it became necessary to undertake a complete reexamination of our entire construction program that had been laid out in that 5-year plan.

We were clearly too far into the 1982 and the 1983 budgets to do very much about those, so we had to go with what we had with the prospect of total reexamination for fiscal year 1984 and the outyears.

We are, however, going to give priority to correction of fire, safety, and seismic corrections where needed. But related to this entire construction program, of course, are the health care missions of the VA. So, because of that, Dr. Custis and the Department of Medicine and Surgery staff have been asked to reexamine all of our facilities in terms of their mission requirements; whether and to what extent we should

convert existing facilities, for example, from acute care to nursing home care or make partial conversions.

In addition to that, I think it is important that we look at our entire affiliation program. I want to say right out front that I think affiliation of VA hospitals with university teaching hospitals is absolutely essential to maintain the quality of health care for veterans. But, while saying that, I think it is also important that we reexamine some of those affiliations and be sure that we are not expending scarce dollars to support weak or weakening affiliations, that we direct those moneys to where they are actually needed, to the affiliations that are viable, that are important to the VA health care mission.

Along with that comes the old matter of medical research. Here again I am absolutely committed to the continued effort by the Veterans Administration to engage in medical research. I think it is essential, not only for the health care of the veterans of the country but for medical science in this country in general. But it is also important that we not use medical research money to support weak or weakening affiliations or in areas where it is not essential.

This relates in part to the issue raised by Senator Proxmire in the last day or so about specialized medicine. I think in reexamination of the affiliation process and the medical research program, that we also have to consider where and to what extent specialties will be placed in a given acute care facility.

So all of these things are matters of examination. It is difficult to find where truth lies, where wisdom lies. But the economic environment in which we find ourselves forces some truths upon us. The first one is that all of these things have to be reexamined. Because I came on board rather late in the game, I have not really had time to complete these reexaminations as soon as I would have hoped. But with the 1983 budget, which I think is a reasonable one, all circumstances considered, that we now will have a little breathing time before the 1984 budget to really examine the entire mission of the Veterans Administration, and particularly medical care, to reexamine where we are spending our money, where we are building our facilities, why we are building them. Hopefully, for 1984 we will be able to come to this committee with some clearly defendable, objective criteria for our building program as well as defendable bases for the rest of our programs, including research, affiliations, and all the rest of it.

So with that, Mr. Chairman, again I appreciate the opportunity for us to appear before you and the committee and to present our 1983 budget.

CHAIRMAN GARN'S OPENING REMARKS

Senator GARN. Thank you very much.

I very much support your efforts to establish some objective criteria for determining your future budget requests. This criteria has been lacking in the past. Due to my remarks on the Senate floor during consideration of the Second Continuing Resolution for Fiscal Year 1982, I have been literally taken apart by some of my friends and various veterans organizations within my State. I think they have made a great

mistake in taking these positions, because if they continue to defend waste and inefficiency, those who get hurt the worst are the truly deserving veterans.

I did not, at that time, make any comments about individual veterans who deserve to receive benefits. But there were two areas I was specifically referring to—you and I have talked about them before. One is the construction program. There has really been no criteria used for the construction of hospitals, other than which Senators or Congressmen had the clout to get one built in their home town or close to it—that hardly serves the veteran population.

There is another area that disturbs me, and that is non-service-connected disability. I fail to understand why so many people are entitled to VA benefits when their current medical problems are unrelated to their military service. For example, I have been off active duty now for more than 20 years. During this time, I have had no medical problems, yet, at a certain point, I am going to be eligible for veterans medical benefits. I don't know why. During my first tour of active duty, nothing happened to me—I didn't even lose my hair. That occurred after I got off active duty. [Laughter.]

So if some of my veteran friends want to misunderstand the intent of what my comments were on the Senate floor, let them, but I won't backtrack from what I said. In fact, I would repeat what I said if it would help reduce fat and waste in the VA.

One group, the disabled American veterans who were disabled in service, ought to be among the forefront of those who would want to root out waste and inefficiency in the Veterans Administration in order that those who are truly deserving could receive better care. The inefficiency is robbing both the taxpayer and those who truly had injuries or health problems as a result of their military service. I commend you for trying to do that.

No one with my background could support the Veterans Administration more than I. Nevertheless, that doesn't excuse the VA from becoming a sacred cow that is untouchable to scrutiny. However, any scrutiny or trying to make the VA more efficient and give a better health care delivery system is interpreted as an attack on veterans.

I think that any kind of analysis which would make the VA more efficient ought to be considered by truly needy veterans and those who are deserving of benefits, to be something that would be helpful to them. However, there are a few around this body who, in the 7 years I have been here, believe there are agencies which are untouchable, and as you try to propose changes, then you get the kind of flak that I have gotten at home. So be it. But, I would hope they would be more understanding since a lot of the waste and inefficiency that has gone on in the VA has affected the truly deserving veteran.

GENERAL OPERATING EXPENSES

As a result of your request last December, the Appropriations Committee approved a transfer of $7 million from your "Major construction" and "Minor construction" accounts to your "General operat-

ing expenses" appropriation. At that time, you requested the transfer of $13 million. What effect, if any, will this $6 million shortfall have on your GOE account?

Mr. HOFFMAN. Mr. Chairman, at the time the appropriations bill was passed, there was a difference of some $26.3 million between the request for fiscal year 1982 and the enacted 1982 appropriation. At that time, we requested a transfer of $13 million and the Congress was good enough to make $7 million available to us. The remaining difference of $19.3 million was spread over four activities. The Department of Veterans Benefits had to absorb $11.2 million; the Office of Data Management and Telecommunications, $4.9 million; the Department of Memorial Affairs, $1.4 million; and the various staff offices, $1.8 million.

I know the budget transmitted to Congress indicates there is a possibility of, perhaps, having to furlough employees in the Department of Veterans Benefits. We currently anticipate that this may not have to occur. We are looking at various accounts from the standpoint of determining where funds may become available and, in the event they do become available, we will alleviate the problem with the Department of Veterans Benefits.

SMALL BUSINESS LOAN PROGRAM

Senator GARN. On November 3, 1981, when the President signed the Veterans' Health Care Training and Small Business Loan Act of 1981, he stated that:

> Because this (loan) program might duplicate a similar program in the Small Business Administration and would involve the Veterans Administration in the area in which it has no expertise, I intend to weigh carefully any efforts to fund this program.

I note, not surprisingly, that the Veterans Administration has not requested any funds to initiate this program. Could you please provide your rationale for not requesting funding for this program, other than the statement by the President?

Mr. NIMMO. Mr. Chairman, I would ask the Director of Veterans Benefits, Ms. Starbuck, to respond to the question.

Ms. STARBUCK. Mr. Chairman, it was our judgment in the Department that the current economic situation really did not dictate any need for our requesting funds to begin this program. Additionally, we took note of the President's remarks when he signed the bill, and fully agreed, that we did not have in-house expertise needed for small business loan processing at the moment.

As such, we have not asked for funding of this program in 1983 because of the economy. Further, there is a need for our working with the Small Business Administration to provide some of the expertise which that agency has in the administration of the program; we will not look at it until 1984.

NURSE SCHOLARSHIP PROGRAM

Senator GARN. As you know, the Congress appropriated $4 million in fiscal year 1982 for nurse scholarships. However, I note that no funds were requested for this program in fiscal year 1983. How do you propose to operate the scholarship program with the $4 million that has already been appropriated?

Mr. NIMMO. Mr. Chairman, the Chief Medical Director, Dr. Custis, will respond to the question.

Dr. CUSTIS. Mr. Chairman, we originally intended to offer scholarships to approximately 300 candidates based on a $4 million appropriation. With no additional appropriations in the 1983 budget request, the General Counsel was asked and responded that their interpretation of the legislation was such that we had the authority to outlay those funds over 2 years. This was very important because the legislation also exacted a 2-year payback for 1 year or more of training; that is, a minimum payback of 2 years.

What we intend to do is fund half of the 300 scholarships—namely, about 150 scholarships—so they will extend over a 2-year period. There will also be instances where an individual in a nursing school with only 1 year to complete might possibly accept a 1-year subsidy in exchange for 2 years of payback. But that, in general, is where we are headed.

Senator GARN. Do you expect to ask for legislative authority to extend the availability of the $4 million already appropriated beyond fiscal year 1982?

Dr. CUSTIS. No, sir; we have not asked. But as you may know, there is some initiative building in the Veterans Affairs Committees to propose additional funding for fiscal year 1983.

Senator GARN. But you don't expect this legislative authority to come from the VA itself.

Dr. CUSTIS. No, sir.

STAFFING RATIOS—VA HOSPITALS

Senator GARN. During 1980, the number of employees per patient in VA hospitals was 2.11. Last year your initial estimate for 1982 was 2.25. What do you now expect it to be in fiscal year 1982 and what is your projection for fiscal year 1983?

Dr. CUSTIS. In 1982 we now expect it to be 2.2 and a growth to 2.24 in 1983. That answers the question, unless you want me to talk further about the ratios.

Senator GARN. I do want to know what you think is an ideal level and when would you, under your current plans, be able to achieve that level?

Dr. CUSTIS. Hospital core staffing ratios are the subject of a lot of disagreement regarding their validity for the purpose of staffing, particularly when hospitals, in particular VA hospitals, have significantly increased ambulatory care workload.

Right now, in connection with our medical district initiated program planning process, we are developing and validating criteria for more meaningful staffing determinations. We expect by October or November 1982 to have validated criteria covering 89 percent of all of our health care personnel. This is another way of saying that we believe the core staffing ratio is an extremely rough and misleading index for staffing.

However, we are using the core staffing ratio and comparing the VA to private hospitals—and they vary all the way from 3 to 8 employees

per patient. I was surprised to read just the other day that as many as 20 percent of the hospitals in the private sector have reached a staffing ratio of 8 employees per patient. It is a part of the reason for the escalating cost of health care.

To be more specific, some of the best private hospitals in the Washington area average about a 3.5 staffing ratio.

Getting back to your original question, I am much more interested in valid staffing criteria as a basis for our staffing determinations than achieving some arbitrary core staffing ratio of 2.5, or whatever else it might be.

PAPERWORK BUDGET AND REDUCTION, FISCAL YEAR 1982

Senator GARN. On February 4 the White House announced the publication of the fiscal year 1982 paperwork budget. Part of that states, and I quote:

> Except for small increases for the National Science Foundation and the Veterans Administration and no change for the Office of Personnel Management, every Federal agency subject to the ICB will reduce its paperwork burden during fiscal year 1982.

How do you explain the growth in the paperwork of the VA in light of these directives?

Mr. NIMMO. Mr. Chairman, I would like to have the Deputy Administrator, Charles Hagel, respond to that.

Mr. HAGEL. Mr. Chairman, the Office of Management and Budget gave us 6.8 million hours for our information collection budget reporting hours budget in 1982. That is an approximate increase of 3.3 percent over 1981. The reason for that increase is due to our projected activities regarding agent orange. We had requested 1 million reporting hours. They had given us 900,000. Within the next 30 days, our first major agent orange questionnaire, which would fall within these guidelines, will be sent out.

Senator GARN. What plans do you have to reduce the amount of paperwork? What are your goals for 1983?

Mr. HAGEL. Part of that will depend very directly on what future paperwork activities we have that revolve around agent orange.

QUALITY CONTROL SUPPLY INSPECTIONS

Senator GARN. Last month, GAO issued a letter report concerning the lack of adequate quality control at your Hines, Ill., Supply Center. After conducting an inspection check of 47 items purchased by the Center, GAO found that 17 would not function as required or had serious defects that could cause problems for the users. For example, in some cases, instruments were broken or not sterile as required.

GAO further found that, at three medical centers which they visited, individuals were aware of the problem and in most cases were using alternative products. What does the VA intend to do in order to increase the quality assurance at the Hines Center?

Mr. NIMMO. Mr. Chairman, I would like to ask Mr. Clyde Cook to respond to that question.

Mr. COOK. Mr. Chairman, the episode the GAO described came about largely as a result of the executive branch going from the use of Federal specifications to the use of commercially available products. Since the GAO report was issued, and even before in some cases, we have tightened our inspection requirements. We have developed specific inspection criteria for the commercial marketplace products because all of them are obviously not of the same quality. I think we have solved the problem.

Senator GARN. Senator Sasser?

FIVE-YEAR CONSTRUCTION PLAN

Senator SASSER. Thank you, Mr. Chairman.

Let me say that I am pleased that the administration has not sought to make substantial reductions in funding for veterans programs again this year. The cut of 5,200 positions and $300 million in VA medical care which was recommended last year certainly would not be accepted at least by this member of this committee. So to that extent, the budget that you are presenting today is a marked improvement from the budget for veterans programs which you requested just a year ago.

Now I am concerned that the budget proposal before us today, in at least one area, is moving in the wrong direction. The Veterans Administration medical care system is the largest health care system in the world and, by and large, I think the VA does a good job in providing quality health care to an aging veteran population.

As you know, Mr. Administrator, we are now at the point where the World War II population is coming to the age where they need more and more medical care. But the staffing ratios at the VA hospitals are presently much worse than at the civilian hospitals. Many of the Veterans Administration hospitals are aging, deficient, and badly in need of repair and replacement.

I come to the important point, or one of the more important points here, and that is that one such hospital is in upper east Tennessee, the Mountain Home Medical Center. Last June 30, the Veterans Administration sent to Congress a 5-year construction plan. That plan outlined a prioritized listing of the centers most in need of construction, most in need of replacement, or most in need of major modernization. The plan outlined a 5-year funding plan for construction of medical facilities which "generally approximate the planning target dollars provided to the agency by OMB for the 5-year planning horizon". That is the Veterans Administration's language.

Now, the problem we have, Mr. Administrator, is that the budget before us today and recent statements by yourself lead me to believe that the Administration may be preparing to make a radical reduction in the 5-year plan for construction of veterans medical centers. The budget before us today for fiscal year 1983 proposes approximately $630 million in budget authority for VA facility construction. The 5-year plan, however, called for a funding level of $988 million for fiscal year 1983. So, in essence, what we have is a reduction of 36 percent from the plan funding level to the budget that is presented to us today.

Unfortunately, the outyears of 1984 and 1985 are even worse. Reading from the President's budget document, the Administration is projecting a request of $630 million again in 1984 as opposed to the original proposal of $1.4 billion in 1984, and the budget calls for $680 million in fiscal year 1985 as again opposed to an original proposal of $1.4 billion in 1985. In other words, it appears to me the Administration is projecting a cut of 53 percent in the construction and modernization of Veterans Administration hospitals in both 1984 and 1985.

Mr. Administrator, on February 19, 1982, you announced, and I quote, "A major reexamination of the Veterans Administration's 5-year medical facility construction program." But it appears to some of us that the Veterans Administration may have already made up its mind.

The 1983 budget, as I said earlier, is 36 percent below the 5-year plan. The 1984 estimate is 55 percent below the 5-year plan, as is the 1985 estimate, which is, I think, 51 percent below the plan.

Now, it seems to me that the Administration is preparing to either emasculate or abandon the 5-year plan, regardless of the findings of the so-called major reexamination. So my question to you, Mr. Administrator, is: Why are you recommending such a major retrenchment in VA construction at a time of greatest need for repair and replacement and modernization, at a time when many of our VA hospitals are getting old and bordering on being inadequate, and at a time when our largest veteran population group, that of World War II, is starting to require more and more medical attention?

REEXAMINATION OF VA CONSTRUCTION

Mr. NIMMO. In response, Senator Sasser, I would just point out that the agency's facility construction program has evolved ad hoc over the years. It was planned on the basis of budget growth and apparently developed piecemeal in response to a variety of external and internal inputs. As a result, I think there is confusion both within the agency and without as to what the agency's actual construction priorities are because of our inability to provide objective justification to substantiate the VA's current 5-year program.

Simply put, the Veterans Administration cannot clearly articulate where it is going, and why, in the present 5-year building program.

I appreciate precisely what you are saying about the aging veteran, that big surge of veterans that is going to come through our system and which is already starting. But the building program, as it is outlined in that 5-year plan, does not reflect all of the demographic changes. It does not reflect any statistical criteria about the veterans. It simply was developed on some basis which I have not been able to clearly define. A number of those proposls for facilities in the 5-year program, when questioned by the Inspector General, were withdrawn as not being needed. For some I could not come before this committee and defend and/or explain why those facilities were planned in the locations that they were. So it seemed essential to me for the Veterans Administration to reexamine that whole construction program, determine what facilities are needed in what locations, and then come back to the committee with a program that we could defend.

Now there is no intention by the Administration to abandon the construction program. But we do fully intend to make a close examination of it and build only those facilities for which there clearly is a need and we want to know for what need we are building when we build.

I want to assure you that I have no intention of not having the necessary facilities to care for veterans. But I would point out in that regard, that 70 percent of the veterans we care for are nonservice connected.

We have budgeted the 90,000 beds that the Congress has mandated that we have. But I do think that we have a little breathing time in which to conduct this reexamination and to come back to the committee with something that we can defend.

MOUNTAIN HOME VA MEDICAL CENTER

Senator SASSER. Mr. Nimmo, I am sure you can understand my interest in the Veterans Administration hospitals in my State and certainly my interest in the hospital at Mountain Home.

The 5-year plan had previously indicated that the Mountain Home Hospital was No. 6 in national priority as being most in need of replacement. I have inspected that hospital within the last few months and I can vouch from personal knowledge that serious deficiencies and serious overcrowding exist at this hospital in my State of Tennessee. I am, frankly, amazed that the staff and the administration of that hospital are able to carry on as well as they do. It is a real tribute to their dedication and to their competence.

One of the hospital buildings there is 80 years old. When I visited there recently, I was told about a patient who had gotten up out of bed to go to the bathroom and when he returned a large part of the ceiling had fallen on his bed. Now, some of these buildings were built to house Civil War veterans in the Union Army in upper east Tennessee. So you can readily see that the time has come for some modernization there.

It is clear to me that the Mountain Home project is a high priority, or was a high priority, as outlined in the 5-year plan. But I am not at all comforted by what I see in the budget before us for 1983 and for the outyears.

The Mountain Home project was scheduled for design in the next budget you will present, fiscal year 1984, and for actual construction to begin in fiscal year 1985. Yet we now see that in the year that the construction was to start, that a 53-percent reduction is taking place in funding. In the 1983 budget, for example, there are not even funds provided for the No. 1 or No. 2 priority projects. So this makes me very concerned, Mr. Administrator, that the Mountain Home project, which was No. 6 on the priority list, will have the same fate the Administration has mapped out for some of these other hospital projects.

I would like to ask you, Mr. Administrator, do you concur with the statement of the 5-year plan that the Mountain Home Hospital does indeed have serious deficiencies which must be corrected by the construction of a replacement hospital?

Mr. NIMMO. I am sure there are deficiencies at Mountain Home which must be corrected. The existing 5-year plan was published before I became Administrator of the Veterans Administration, so I cannot attest to the validity of the statements that appear in that document.

With respect to the timetable for correction of the facilities at Mountain Home, I would ask Mr. Bill Sullivan to respond to your concern in that matter.

Mr. SULLIVAN. As you know, Senator, we are already doing a great deal of work at Mountain Home. We currently have under construction a clinical addition. We spent $12 million on this clinical addition and $12 million additionally on education facilities. At the present time we are working on a major review of the entire facility, studying its seismic environment, safety and so forth. We now expect that the facility project probably will be ready for working drawings in fiscal year 1985 and construction in fiscal year 1986.

Senator SASSER. What you are telling us, then, Mr. Administrator, is that we are at least slipping the construction one more year. We are saying now that construction at Mountain Home won't get underway before 1986. Is that a correct statement?

Mr. SULLIVAN. That is only because the preliminary plans and cost estimates have not been completed. The 5-year plan, as it is put forth, is not an absolute. The dates set forth in there do slip quite often. That is the case here. At the present time that is what we expect, Senator Sasser.

Senator SASSER. Mr. Administrator, I want to put you on the spot here now and ask you if you are able to give me an ironclad guarantee that design of Mountain Home is going to be included in the President's budget next year. As you know, and as I know, OMB has a way of losing projects before budgets are submitted to the Congress. I would like to ask you, Mr. Administrator, for your personal commitment that when the VA puts together its fiscal year 1984 budget, that you include the Mountain Home design funds in accordance with the schedule which was outlined in the 5-year plan. Could we get that commitment today?

Mr. SULLIVAN. Senator, the Mountain Home project cannot be included in the budget if the plans and cost estimates are not ready. So, therefore, it would be impossible for us to guarantee that for fiscal year 1984.

Senator SASSER. Mr. Administrator, let me direct that question to you. Can I get a commitment from you that you will include the Mountain Home Hospital project and the design in your budget for fiscal year 1984? We are talking about a hospital that now has portions which are over 80 years old.

Mr. NIMMO. Yes, sir; we have a number of hospitals and health care facilities with the same degree of obsolescence. The commitment I will give you is that we will proceed expeditiously to examine that project and the actual requirements that exist there and get it in the budget as quickly as we possibly can. But I don't think that we can exempt, except for those facility projects that are in the 1983 budget, any of the major health care facilities from a reexamination and revalidation.

Senator SASSER. Let me just say, Mr. Administrator, that I am going to be watching the 1984 budget very closely. Frankly, I am going to be very unhappy if the Veterans Administration fails to keep what I think is the commitment implicit in the 5-year plan to provide a replacement for the Mountain Home Hospital. It is just desperately needed.

Mr. Chairman, thank you.

SUPPORT FOR REEXAMINATION EFFORT

Senator GARN. Thank you, Senator.

I would just say, I am not familiar with the Mountain Home Hospital and I don't question the need that you have outlined. However, I would say that both Senator Simpson, chairman of the Veterans Affairs Committee, and I have pushed very hard to have the Administrator do exactly what he is doing. We have been absolutely aghast at what we have discovered concerning the lack of objective criteria for selecting projects. Again, I am not talking about the Mountain Home facility or any individual facility. I am talking in general terms.

I am sure that if some criteria is developed and your hospital is in the condition you say it is, it would be very high on the priority list, as would some others. For this reason, Senator Simpson and I will be pushing the Veterans Administration to develop criteria so that construction can begin as quickly as possible on projects which are needed.

Senator Proxmire?

Senator PROXMIRE. Thank you, Mr. Chairman. I apologize for being late.

Senator GARN. On the contrary, you came just at the right time.

UNDERUTILIZED SPECIALIZED MEDICAL SERVICES

Senator PROXMIRE. Terrific.

As you know, I have been asking every year for the past 5 years why VA doesn't close down underutilized specialized medical care facilities. Of course, the elimination and consolidation of these facilities could save a lot of money for the taxpayer but, more importantly, it could improve the standard of care in VA hospitals.

I refer to a study that appeared in the New England Journal of Medicine and that was characterized by the Washington Post as showing, "there were often three to four times as many infections at a hospital that did a particular operation perhaps less than 50 times a year compared with a hospital that did 200 or more." The Washington Post article quoted one of the authors of the study as saying that anyone facing surgery should ask the surgeon how many similar operations are done every year at the intended hospital.

The Post article also mentioned a Stanford University-University of California group as reporting that hospitals that did heart, blood vessel, or prostate operations at least 200 times yearly had death rates 25 to 41 percent lower than hospitals that did fewer.

Last year I asked the General Accounting Office to take a close look at some of your specialized medical facilities and they came up with some rather startling statistics. For example, over 25 percent of your

open heart surgery facilities—11 out of 42 programs—failed to meet your standard in 4 out of the past 7 half-year reporting periods. During the fiscal year ending on September 30, 1980, your East Orange facility performed only 20 open heart surgery procedures while the Washington, D.C., facility performed only 46 procedures. The standard you set for yourself is 100 procedures. Now, these two units have failed to meet the standard for the past 3½ years. Why not close them down?

Mr. NIMMO. Senator, if I may, I would like to respond in general terms and then defer to the Chief Medical Director, Dr. Custis, for details.

In general terms, the very issue you raise is one that is part and parcel of the entire reexamination of the health care mission of the Veterans Administration. As I mentioned before you arrived, Senator, part of that reexamination goes not only to the entire field of construction but, in addition, to the mission assignments of our facilities and to whether and to what extent we should close facilities down or whether we should convert part of the facility to nursing home care rather than continue acute hospital care. I have asked Dr. Custis to reexamine that whole area, including where we allocate research dollars—should we concentrate our research dollars in a limited number of facilities which are centers of expertise, to what extent should we use scarce dollars to support weak or weakening affiliations, or should we limit the number of affiliations. Included in all of that is the very issue you raise, whether and to what extent we should have these specialized medical functions in each of our facilities and, if not, in which facilities should we have them. So I want you to know, Senator, I am insisting that this reexamination be made.

Now with respect to the specifics of your question and the problems that may be inherent in it, I would defer to Dr. Custis.

Dr. CUSTIS. I would say that what the Administrator has just itemized are indeed some of the outputs we expect from the MEDIPP process—medical district initiated program planning. This is a strategic planning process which was implemented last year and we plan to have its first output in November 1982. These issues will be very closely addressed.

Senator PROXMIRE. So you will make a decision by November 1982? Is that a fair assumption?

Dr. CUSTIS. We will have many decisions.

CRITERIA FOR CLOSING SPECIALIZED MEDICAL SERVICES

Senator PROXMIRE. Will you make a decision on whether or not to close down the facilities I am talking about?

Dr. CUSTIS. Specifically on the issue at hand relating to the special medical programs, the Assistant Chief Medical Director for Professional Services, Dr. Hughes, and his staff have been closely monitoring the special medical programs. He does have the data and is prepared to answer your question, Senator.

Senator PROXMIRE. Dr. Hughes?

Dr. HUGHES. I would like to compliment the Congress for its wisdom in allowing us to have the special medical programs.

Senator GARN. Dr. Hughes, would you stand up and speak louder?

Dr. HUGHES. I would like to compliment the Congress for allowing us to have our specialized medical programs. These have allowed us to offer quality care that we could not have provided otherwise.

These programs have been supervised with the help of advisory committees that have some of the best expertise in the country, both from within the VA and from outside the VA. The standards that we have set for ourselves are those standards that come from the Federal Health Resources Sharing Committee, from the National Institutes of Health, and from the Inter Society Commission. We think these are reasonable standards.

STANDARD DEVIATIONS

Senator PROXMIRE. But you are not meeting your own standards, sir; is that correct?

Dr. HUGHES. We are meeting some of them, sir. We are meeting 83 percent of the standards for our entire special medical programs.

Senator PROXMIRE. In the two facilities I mentioned, the East Orange facility and the Washington, D.C., facility, the number of open heart procedures were far below your standard. My question was whether or not you intend to close those facilities down; and, if so, when you will make a decision. If you don't know yet——

Dr. HUGHES. The figures you quoted, sir, are old. There are more recent figures. In fiscal year 1981, the Washington facility met 74 percent of its requirements, with a mortality rate 1 percent below the VA average.

Senator PROXMIRE. Seventy-four percent is far below the standard, isn't it?

Dr. HUGHES. That is correct, sir.

Senator PROXMIRE. The D.C. Medical Center didn't meet the standard then?

Dr. HUGHES. Sir?

Senator PROXMIRE. If the Washington facility met 99 percent of the standard, you might be able to argue the point with me, but meeting 74 percent of the standard means you fell pretty far short.

Dr. HUGHES. We did. We can pick individual programs that are short. But we have to consider what they are doing for the patient. We try to locate these programs geographically and demographically where we feel they are needed.

Senator PROXMIRE. If you want to quarrel with my statistics, I would be glad to have you do so. Maybe for the record you would like to dispute some of these figures. But the record shows there is a much higher incidence of mortality where procedures are performed less frequently.

Dr. HUGHES. In the past 2 years it has been true, sir. We had the problem of obtaining staff at these hospitals. We now have good staffs and we feel we are doing a fine job. The staff at East Orange is also new. East Orange has met 63 percent of its requirements this year. It is a growing program. But I assure you we are taking a new look at them. We will continue to study them.

14-067 O - 83 - 17

Senator PROXMIRE. Will the additional staff allow you to meet the standard for number of procedures, operations, and so forth?

Dr. HUGHES. It isn't additional staff. It is a new staff, because we keep losing the existing staffs. These people, particularly in cardiac surgery, are difficult to employ.

Senator PROXMIRE. It seems to me that if you can't keep adequate staff, you ought to close the facilities down. Otherwise the data I have here suggest that you will have a higher mortality rate. More people will die. They won't get the best kind of care because the doctors haven't had the proper amount of experience.

CARDIAC SURGERY PROGRAMS

Dr. HUGHES. Most of our programs in cardiac surgery are in institutions in which we are affiliated. Many of our teams are the same teams that operate at the university. We may have a lower number of operations in our hospitals but the expertise of the staff is good.

Senator PROXMIRE. If that is the case, why wouldn't the procedures be performed at the university hospital?

Dr. HUGHES. In some instances they are. We have several sharing programs. Of our total of 54 cardiac surgery programs, 42 are in-house and the rest of them are by sharing or contract.

Dr. CUSTIS. If I may interject something here, Senator. I think the point we are trying to make is that a strict adherence to a number is only part, only one element in the total judgment of the program.

Senator PROXMIRE. I understand that. That is right.

Dr. CUSTIS. Had the Washington program been closed 2 years ago when the number of procedures was significantly lower than it is today, we would have closed one of the best programs in the VA system, notwithstanding the fact that they are performing only 74 percent of the ideal number of procedures. The things that we most closely monitor are the morbidity and mortality rates. When those figures become suspicious, that more than anything else would be the reason for us to close a program.

OPEN HEART SURGERY STANDARDS

Senator PROXMIRE. Let me ask you this, Doctor: Why did you decide on an open heart surgery standard of 100 procedures per year when the standard set by Federal regulation for non-VA hospitals is 200 procedures annually "to maintain quality of patient care and make most efficient use of resources."

Dr. CUSTIS. Because we do not, in all cases, accept HHS' specific criteria as to what represents efficiency in any given operation. As a matter of fact, it is interesting that just in the last couple of months the Department of Health and Human Services has backed away entirely from their criteria approach on CAT scanners. They are now changing their mind and offering guidelines instead of a number.

Senator PROXMIRE. I am sure there are some exceptions, but we are not talking here about those exceptions.

Dr. CUSTIS. That is the point. There are many exceptions, Senator. What we are trying to do is exercise professional judgment.

Senator PROXMIRE. Are you saying there should be an exception for open heart surgery standard, which is what I asked about?

CLOSURE OF PROGRAMS

Dr. CUSTIS. I think the answer, Senator, is that the number of cases is only one element of many in making a professional judgment on whether or not a VA program is to be stopped or continued.

I think our record is very good in terms of the number of programs that have indeed been closed. We have reason to think that within the next year there may be further closures. In fact, I know there will be closures in some of these medical programs.

CARDIAC CATHETERIZATIONS STANDARDS

Senator PROXMIRE. That is reassuring. I appreciate that response.

Your standard for cardiac catheterizations is 300 procedures a year. This compares to a standard of 500 procedures a year in northern Virginia but is equivalent to the standard set by Federal regulation for non-VA hospitals. However, I understand that in August 1980 you decided to allow a 20-percent downward deviation in the standard and that this has since been increased to a 30-percent downward deviation. Why have you weakened the standard?

Dr. HUGHES. The standard of 300 was selected, but after presenting this to the Federal Health Resources Sharing Committee, they recommended we make considerations for education, for research, and for isolation, 10 percent each at VA hospitals, which would allow us an overall 30 percent deviation from the 300 standard. That gives us a criteria of 210. If we divide the number of procedures into the total number of catheterization programs last year, we would average over 339 per program.

Senator PROXMIRE. The material supplied to me by the GAO indicates that 46 of your cardiac catheterization labs failed to meet the standard of 300 procedures in at least 1 of the 2 fiscal years ending in September 1980. For example, your Bronx Medical Center in New York performed only 133 procedures in fiscal 1979 and 191 procedures in fiscal 1980. Your Indianapolis lab did 173 procedures in 1979 and 138 in 1980. Neither of these labs has met your standard for any 6-month period over the last 3½ years. Why haven't you closed them down?

Dr. HUGHES. Sir, again, this is frequently due to equipment breakdown and loss of staff.

Senator PROXMIRE. What is that again?

Dr. HUGHES. Frequently this is due to equipment breakdown and loss of staff.

Senator PROXMIRE. What is the point of standards if you don't use them to take action and to protect patients?

Dr. HUGHES. But we do use them. We closed Wilmington last year. We will continue to look at our program and continue to close them when indicated. At the same time, there are programs necessary for maintaining the quality of care in our hospitals.

Senator PROXMIRE. Would you submit for the record, sir, the close-downs that you have had because of inadequate demand and inadequate activity?

Dr. HUGHES. Yes, sir.

[The information follows:]

Since FY-1975 the following specialized medical program units have been closed because of inadequate activity:

CARDIAC CATHETERIZATION

Wilmington - FY 1979

CARDIAC SURGERY

Bronx - FY 1980
Jackson - FY 1979

DRUG DEPENDENCE TREATMENT UNIT

Iowa City - FY 1975
Lyons, NJ - FY 1979
Marion, IN - FY 1979
Northport - FY 1975
Omaha - FY 1975
Salem, VA - FY 1975
Syracuse - FY 1975
Topeka - FY 1975

ELECTRON MICROSCOPY (DIAGNOSTIC)

Coatesville - FY 1975
Martinez - FY 1975

EPILEPSY CENTER

Omaha - FY 1980

HOSPITAL BASED HOME CARE

Syracuse - FY 1977

RENAL TRANSPLANT

Albany - FY 1977
Albuquerque - FY 1977
Ann Arbor - FY 1979
Birmingham - FY 1977
Chicago (LS) - FY 1977
Cleveland - FY 1975
Dallas - FY 1975
Houston - FY 1976
Indianapolis - FY 1982
Long Beach - FY 1975
Los Angeles - FY 1978
Miami - FY 1976
Oklahoma City - FY 1975
Portland - FY 1975
Tampa - FY 1980
West Haven - FY 1977
Wood - FY 1975

SUPERVOLTAGE

New York - FY 1976

SATELLITE DIALYSIS

Cheyenne - FY 1981
Mukogee - FY 1978
Spokane - FY 1979
Temple - FY 1981

CARDIAC CATHETERIZATION SHARING, DAYTON, OHIO

Senator PROXMIRE. Two years ago, in an answer submitted for the record, Dr. Haber informed this committee that the VA planned to close the cardiac catheterization laboratory at the VA Medical Center in Dayton, Ohio, and enter into a sharing agreement with the Air Force to provide these services at nearby Wright Patterson Air Force Base. I understand that the medical center and the Air Force base could not agree which days of the week VA patients would be permitted to receive catheterizations at the Air Force laboratory.

While the negotiations were underway, the Dayton VA Medical Center apparently ordered new cardiac catheterization equipment without proper approval from the VA central office. I understand that central office found out about this equipment order as it was being shipped through Baltimore and subsequently diverted it to another medical center. A planned 6-month sharing demonstration test was never conducted and, currently, both the Dayton VA Medical Center and Wright Patterson Air Force Base still operate separate cardiac catheterization laboratories.

Why didn't the Department of Medicine and Surgery direct the VA medical center to at least participate in the 6-month sharing demonstration tests?

Dr. HUGHES. Sir, this was an agreement with the Federal Health Resources Sharing Committee. They did a very in-depth study. There were also complicating factors. We sent a number of teams there. There were disagreements as to days on which the Wright Patterson Hospital could take our people. There was also the problem of transferring seriously ill patients some 13 miles over a rough road in an ambulance. The other problem that existed was caused by a need to continue to keep the same room open for special radiological procedures. It didn't make sense to close the cardiac catheterization lab and keep the partial staff there to do special procedures which Wright Patterson could not take.

Senator PROXMIRE. Why was the Dayton VA Medical Center obtaining new cardiac catheterization equipment without prior approval, at a time when negotiations were underway for making arrangements to share the Air Force facility?

Dr. HUGHES. May I submit that for the record, sir?

Senator PROXMIRE. All right.

(The information follows:)

JUSTIFICATION FOR PURCHASING EQUIPMENT

Some 4 or 5 years ago, Dayton's VA Medical Center, planning for affiliation with Wright State School of Medicine and anticipating increasing workloads, requested permission from VACO to purchase equipment for cardiac catheterization and special procedures. This was approved by a former VACO staff member and ordered. In the interim before the equipment arrived, discussions were begun relative to sharing cardiac catheterization with Wright Patterson AFB Medical Center. Expecting a sharing agreement to be worked out, the ordered equipment was then diverted to another VAMC where it was installed.

Denied this equipment, Dayton VAMC requested needed equipment for a special procedures room and a fluroscopic room. This equipment was purchased during the sharing talks and is in use for other than cardiac studies. During the discussions with

Wright Patterson AFB Medical Center it was becoming obvious that the Dayton cardiac catheterization workload was increasing and the two medical centers could not agree on schedules to cover their combined workloads.

The Dayton VA cardiac catheterization laboratory, now 7 years old, was being used for cardiac catheterization and special procedures. With the new special procedures room to relieve the catheterization lab of the special procedures workload, the cardiac catheterization laboratory in 1981 recorded 233 cardiac catheterizations.

CLEARANCE OF EQUIPMENT PROCUREMENT

Senator PROXMIRE. What steps have you taken to prevent medical centers from going out on their own in the future and purchasing equipment without prior approval, especially during negotiations involving sharing arrangements?

Dr. HUGHES. It is required that they clear their purchases with the central office for those specialities concerned, such as for cardiology and radiology.

Senator PROXMIRE. Are they meeting that requirement?

Dr. HUGHES. As far as I am aware, sir.

Senator PROXMIRE. In this case, they obviously did not meet the requirement; isn't that right?

Dr. HUGHES. If what you say is correct, sir.

Senator PROXMIRE. After committing yourselves before this committee to closing the Dayton cardiac catheterization laboratory, why did you change your position?

Dr. HUGHES. I didn't understand the question.

Senator PROXMIRE. You committed yourself before this committee to closing the Dayton cardiac catheterization laboratory, but you didn't close it; you didn't keep your commitment.

Dr. HUGHES. After the problems that I mentioned were found, further discussion was held with the Federal Health Resources Sharing Committee, with whom we were working on this subject, and it was agreed that we would go ahead and——

Dr. CUSTIS. I have a distinct memory, Dr. Hughes, that the Sharing Committee itself backed off the project because of a volume increase in cardiac catheterization at both the Air Force and the Veterans Administration hospitals.

Senator PROXMIRE. Why didn't you notify this committee of that volume increase and explain why you were not keeping your commitment to close down the Dayton facility. You didn't give us that explanation. I don't mean to say that whatever you tell this Senator is something that you have to always abide by, of course. But it would seem to me that when you tell the committee something and then you don't abide by it, you should communicate with the committee and tell them why you have changed your position.

Dr. CUSTIS. I can only apologize, Senator. I wasn't aware we made such a commitment.

RENAL TRANSPLANT STANDARDS

Senator PROXMIRE. I understand the commitment was made and then you went ahead and didn't keep it.

Your renal transplant standard is 15 operations per year. Your Kansas City facility performed six renal transplants in 1979 and the same number in 1980. Your Little Rock hospital performed eight transplants in 1979 and five—one-third of the standard—in 1980. Neither of these hospitals has met the standard for the last 3½ years. Why do you allow them to continue to perform renal transplants?

Dr. HUGHES. Sir, as far as Kansas City was concerned, it was one of our best transplant programs. They had a kidney procurement program that was excellent. Since that procurement program was closed down, they have had trouble obtaining kidneys.

The reason our overall programs are failing is primarily because medicare currently allows the veteran with social security coverage to select his place of operation. Many of our veterans are now going to other hospitals to have their operation done, at considerably more expense than the VA can do them.

We are aware this program is in trouble. We have an intensive study underway. We hope to have some information within the next few months as to mortality and morbidity and continued productivity. I can assure you we will be closing a number of these programs.

Senator PROXMIRE. The GAO has indicated to the staff that the Tucson VA Medical Center performed the required 15 renal transplants in 1981 but only 5 were performed on veterans. How can you justify maintaining this unit in a VA hospital when two-thirds of the patients were nonveterans?

Dr. HUGHES. Very easily, sir. This is a sharing program with the university. The university does our cardiac surgery. We do the renal transplants. We have a tradeoff.

PRODUCTIVITY OF REGIONAL OFFICES

Senator PROXMIRE. The General Accounting Office has recently completed audit work dealing with the productivity of your claims processing function for compensation, pension, and education benefit programs. Although their report has not been issued, I understand they have provided your staff with a preliminary briefing on the results of this review.

The review indicated there was a wide variation in productivity from office to office. In 1981 the productivity ranged from a high of 95 percent in Hartford, Conn., to lows of 68 percent in Anchorage, Alaska, and 69 percent in White River Junction, Vt., and Lincoln, Nebr. Why are some of your claims processing functions so much more productive than others?

Ms. STARBUCK. Senator Proxmire, a lot of these variations in productivity have much to do with the stability of the work forces in the adjudication division. In some of our offices we have rather high rates of turnover. We are dealing in many instances with a number of trainees in the adjudication process. This basically is the difference for produc-

tivity. The mix of the workload is pretty stable, regional office to regional office.

Senator PROXMIRE. What is the root of that turnover problem? Can you do anything about it? Is it just in remote areas, such as White River Junction, Vt., and Anchorage, Alaska, that you have difficulty getting competent people?

Ms. STARBUCK. The competition in Alaska comes specifically from the State of Alaska for the training of people, where salaries at the State level are higher than those at the Federal level.

Senator PROXMIRE. How about White River Junction?

Ms. STARBUCK. I don't know whether——

Senator PROXMIRE. It could be the other way around there.

Ms. STARBUCK. It could be the other way there, Senator, yes. White River Junction is probably where we are competing with ourselves. This is a center having both a medical center and a regional office. Sometimes talent that surfaces in the regional office is captured in other areas in the hospital.

Senator PROXMIRE. In some areas you have had dramatic improvement in your productivity. For example, in Hartford, your claims processing productivity rate jumped from 73 percent in 1980 to a rate of 95 percent in 1981. What accounts for this dramatic improvement?

Ms. STARBUCK. We have had a change there, Senator, in management of the regional office. I would suspect if we were to look at the other divisions there would be a comparable change. A lot of this has to do with training and management of personnel and program.

Senator PROXMIRE. Management would seem to be the key, wouldn't it?

Ms. STARBUCK. In productivity there is a great deal of that; yes, Senator.

ADMINISTRATIVE DIVISION PRODUCTIVITY

Senator PROXMIRE. The productivity of your Administrative Division also varied widely by location. For example, in 1981 productivity in Roanoke, Va., and Sioux Falls, S. Dak., was 105 percent and 94 percent, respectively, as compared with productivity lows of 65 percent in Wilmington, Del., and 68 percent in Phoenix, Ariz. Why these discrepancies?

Ms. STARBUCK. The Administrative Division productivity in any medical center/regional office operation for the Department of Veterans Benefits activities would be somewhat low. There we are providing services both to the hospital and to the regional office. Whereas in a separate regional office, of course, we have a concentration of activity.

Senator PROXMIRE. It is difficult to explain why there should be such a variation in productivity between divisions located in the same regional office. For example, in 1981 your Sioux Falls office had 94 percent productivity in the Finance Division and only 77 percent productivity in the division that processes claims. What accounts for that discrepancy?

Ms. STARBUCK. A lot of it would be the total volume of work performed and the number of manhours that were available to the division. Senator, I apologize, I do not have the report which has been provided to you. I have not had an opportunity to review these comparative figures so that I could be more responsive to you.

PRODUCTIVITY LEVELS

Senator PROXMIRE. Let me say I am asking these questions because I think GAO has made a suggestion that might be useful. They have suggested that productivity could be improved by establishing a minimum expected productivity level for field stations. If low performing stations do not meet the standard, then staffing could be reduced without affecting services to veterans. That is their suggestion. Why aren't they right, if they are not?

Ms. STARBUCK. We have always had productivity goals for our regional offices. Any time that a regional office goes above significantly or below significantly, we ask that this be explained to the area field director by the director and those reports are then scanned to see if there are significant problems.

Senator PROXMIRE. If there are, I would think simple, blunt action would be called for. If they are unproductive, perhaps they are unproductive because there isn't enough work to do. If so, why don't you reduce the staff? That is what the GAO suggests.

Ms. STARBUCK. We would be very happy, Senator Proxmire, to take a look at that GAO recommendation.

Senator PROXMIRE. How long would it take for you to implement a system involving the reduction of staff when you have low productivity?

Ms. STARBUCK. If we were to respond instantaneously to a drop in productivity, it would mean we would have to declare positions excess in a specific division or operation in a regional office, and that would then put us into the position of running a reduction in force. It would take 3 to 4 months.

SAVINGS THROUGH PRODUCTIVITY ACTIONS

Senator PROXMIRE. The GAO estimates there are dollar savings here. They say you could achieve savings of $5 million in your claims processing activities alone if you set your productivity level at a relatively low 80 percent and that the savings would rise to $16 million if you set your productivity level at 95 percent. Do you think these estimates are in the ballpark?

Ms. STARBUCK. I would hesitate to say so right now, sir, without having an opportunity to take a good look at it.

Senator PROXMIRE. Would you examine the estimates and let us know for the record?

Ms. STARBUCK. Yes, sir, I will. But we have not yet received the report, sir.

[The information follows:]

PRODUCTIVITY AND CLAIMS PROCESSING

We still have not received the GAO report, but I would like to be as responsive as possible to your statement regarding GAO's estimates of savings of $5 or $16 million if we set productivity levels in Adjudication Divisions at, respectively, 80 or 95 percent.

First, the committee must understand that the measurement of productivity in DVB is one part of our work measurement system and is derived by measurement of all available man-hours in each Division against the standard man-hours produced in that Division. Available man-hours include the hours of all supervisors and other indirect labor—or clerical—personnel as well as those of persons involved in producing end products. Measured man-hours are those hours earned by any Division by the production of end products each of which has an established work rate standard.

There is no logical basis for our accepting the idea of requiring stations to meet an arbitrarily set productivity standard which, in and of itself, assumes a fully trained, stable workforce with a static workload. Our workforce is generally not stable. Few, if any, of our regional offices are without trainees in many positions and the workload varies with such occurrences as enrollment periods, income questionnaire processing periods, accommodation of case reviews for Inspector General and GAO personnel, as well as at CO requests, and legislative changes which impact on eligibility for benefits. Our operations are not assembly-line-like and must respond to outside influence.

Senator PROXMIRE. Mr. Chairman, I want to thank you very, very much for your indulgence. You have been very generous, and I appreciate it very much.

INTENSIVE CARE UNIT OVERUTILIZATION

Senator GARN. Thank you, Senator.

In December, the Washington Post reported on an 8-month study of 624 patients in the general surgical-medical intensive care units at the George Washington Medical Center. The survey found that nearly half of those admitted were in stable condition and received only observation or minimum amounts of active treatment. The article goes on to say that the principal investigator of the study has developed new criteria that suggests that from 5 to 10 percent of those now admitted to intensive care units could instead be admitted to regular hospital units. Beyond this, I have seen reports from all over the country that there is a growing trend in civilian hospitals to put people in intensive care units. The result is people pay more for medical care received in an intensive care unit than in a normal unit within a hospital.

Are you undertaking any studies to confirm the applicability of these recent findings to the VA system and, in so doing, reduce your requirement for intensive care beds?

Dr. CUSTIS. Mr. Chairman, there is no such study currently underway. It is one we might well consider. I am sure that this happens. I would suppose it happens inconsistently, based on specific circumstances.

For example, I know a lot of our hospitals right now are having difficulty adequately staffing wards with nurses. It may well be that a patient who could be released from intensive care is kept simply because of concern of nurse coverage on a ward. That may be part of the explanation, but, I can't respond in any greater detail. I am aware of the study and we will take a look at it. It is an interesting study.

Dr. HUGHES. Sir, may I add to that?

Senator GARN. Certainly.

Dr. HUGHES. We have established a task force to look at the percentage and types of beds that will be needed in our new construction. This would, in turn, we hope, cut down on any excesses we might have.

I will be the first to admit that if the doctors believe they can get better care for their patients, they will send them to the intensive care unit and will keep them there longer than usual. As was pointed out, we are having difficulty with staffing, particularly for patients in the recovery ward. We can't staff recovery wards. These patients are sometimes sent directly to the intensive care unit.

Dr. CUSTIS. My deputy, Dr. Jacoby, reminds me I should be telling you our problem right now is just the opposite, and I agree with him. We are having our greatest problem staffing our intensive care units. There are patients not in intensive care who belong there.

REQUIREMENT TO OPERATE LESS THAN 90,000 BEDS

Senator GARN. Public Law 97-72, the Veterans' Health Care, Training, and Small Business Loan Act of 1981, establishes the number of hospital and nursing home beds in Veterans Administration medical facilities at not more than 125,000 and not less than 100,000. Furthermore, the act requires the Veterans Administration to operate and maintain not less than 90,000 such beds.

I notice in your budget justification that you expect to be operating 90,042 beds in VA hospital and nursing home facilities alone. In addition, your non-VA census totals another 22,581. Therefore, you will have no problem meeting this legal requirement.

I would, however, like you to comment on the merits of Congress, including such a limitation on the Veterans Administration. Before you do so, however, I would like to note that when the President signed this bill on November 3, 1981, he stated:

> Such a limitation must not restrict the ability of the Veterans Administration to use an appropriate mix of health care services including ambulatory care to treat the maximum number of veterans.

Mr. NIMMO. I think, Senator Garn, in the near term the levels mandated by the Congress pose no particular problem. We will meet those bed levels. Until we have made our reexamination of the entire spectrum of our health care needs and the demographics of the veteran population, those bed levels pose no problem.

After we have gathered the necessary data and analyzed it we may want to come to the Congress with a request for a change to those bed levels. But through fiscal year 1983, I don't think they create any flexibility problems or impose any burden that is not acceptable.

ACTIVATION OF FACILITIES

Senator GARN. Last month you provided the subcommittee with a list of the VA facilities that were expected to be activated during fiscal year 1983. This list included the number of FTEE that would be required to staff these facilities. Although many of these facilities represent renovations, remodelings, and improvements, in not 1 case out of the 76 activations do you show a decrease in FTEE. In fact, in total you show an increase of over 1,400 FTEE as a result of these activations.

One of the major rationales used by the hospital directors and the VA for renovations, improvements, and remodelings is that they will increase hospital efficiency.

How do you account for the fact we do not have one instance where we are showing a decrease in personnel requirements as a result of these improvements?

Dr. CUSTIS. Mr. Chairman, we have been asked this question previously and researched it. I can assure you that, without exception, the clinical additions in such major construction involve an increased workload requiring an increased FTEE, but at the same time providing for more efficiency and productivity.

Senator GARN. I can understand how that might be true. I think what we have discovered is from one year to the next we get testimony that an agency intends to undertake a new initiative and then the next year the agency comes back and we find that this initiative never came to pass.

My point then is that the VA should not be giving us the impression that it will reduce FTEE when it will not. In your future budget presentations I would like to avoid some of these conflicts of commitments. I would like you to include a statement on the number of FTEE that will be saved by any investments and improvements, and if no savings can be realized, an explanation of why this is the case. I would just like some straight talk on these things. I have been on this committee long enough now to start finding out what Senator Proxmire has found out since he has been on the committee. We are told one thing one year and something different the next year. In the future, just tell us what is the situation and what you anticipate.

Mr. NIMMO. The point is well taken, Senator. We will do our best to respond to that.

MEDICAL STAFF PRODUCTIVITY INCREASES

Senator GARN. Last month you informed the subcommittee that in computing your fiscal year 1983 staffing requirements, you assumed that there would be an increase of 2,905 VA hospital patients treated and 13,224 outpatient visits as a result of increased productivity by the VA staff. If we do not assume this increase in productivity, the VA's budget would have to be increased by approximately 353 additional employees.

How does this assumed increase in productivity relate to your actual fiscal years 1980, 1981, and 1982 experience?

Dr. CUSTIS. May I provide that for the record, Mr. Chairman?

Senator GARN. Yes. That would be fine.

[The information follows:]

A total of 972 average employment could be associated with workload productivity from fiscal years 1980 through 1982; distributed by year as follows:

Fiscal year:	
1980	1,083
1981	248
1982	−359

This is calculated on the basis of increases in VA hospital patients treated and outpatient staff visits experienced in excess of workload levels originally budgeted. A staffing ratio is applied to this increase in workload (or productivity workload) to yield an average employment total related to this higher level of activity.

DENTAL CLINIC PRODUCTIVITY

Senator GARN. Both the National Academy of Sciences and the General Accounting Office have recommended ways to increase the productivity of VA dental clinics, including: One, increased use of dental hygienists and assistants; two, increased use of two-chair dentistry; three, use of clerical personnel to perform administrative duties that were being performed by dentists; and four, reducing the number of broken appointments.

What specific action has the VA taken to implement the NAS and GAO recommendations?

Dr. CUSTIS. We are still on your last question, Mr. Chairman.

Senator GARN. Would it be easier for you to supply this response for the record, since I have a number of followup questions concerning dental clinic productivity.

Mr. NIMMO. We would be happy to do that, Mr. Chairman.

[The information follows:]

ACTION TAKEN TO IMPLEMENT NAS AND GAO RECOMMENDATIONS

Items 1, 2, and 3 in the above recommendation require commitment of resources to provide additional space, equipment, and/or manpower. Due to the current services level of funding, budgetary requests to implement the GAO and NAS recommendations did not reach a high enough priority level to receive funding support. Nevertheless, improvements in these areas have been achieved at some individual facilities and every effort will be made to expand these gains throughout the Department.

Concerning item 4, the adoption of effective reminder systems to minimize the number of broken appointments has been strongly emphasized through a combination of teleconferences, regional meetings, and departmental publications. Inclusion of a standard by which to measure this problem will be included in the next revision of the Department's Health System Review Organization Manual. This will insure that each dental SERP reviewer will evaluate the percentage of broken appointments and identify those facilities where a problem persists.

Despite these problems, overall dental productivity, as evidenced by the data on cases completed per 100 man-days of dental staff, has increased during the past 5 years. This increase has been affected in spite of the many constraints in the number of auxiliary personnel and dental operatories. Using 1976 as the base year, the increase in overall productivity has ranged from 18 percent to 21 percent annually. Not only has there been a percentage increase in the absolute numbers of these cases of 111 percent, but also in the numbers of cases completed per 100 man-days of staff. The overall increase in actual productivity from 1976 to 1981 was 89 percent. Moreover, there has been an increase annually over the number of these cases completed in each prior year. It is anticipated that there will be a continuation of these increases during 1982.

QUESTIONS SUBMITTED FOR THE RECORD

Senator GARN. As a matter of fact, gentlemen, I have approximately 70 to 80 pages of additional questions. Rather than continuing, I am going to submit the remainder of my questions, along with questions from Senators Proxmire, Huddleston, and Leahy, to you for response in the record.

Do you have any additional comments you would like to make before we close the hearing?

Mr. NIMMO. I think not, Mr. Chairman. Thank you very much. We will respond to your questions when we receive them.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Garn

PAY RAISE SUPPLEMENTAL

Question: What are the October 1981 pay raise costs -- including wageboard increases -- for FY 1982 in each of the following accounts: GOE, Medical CAre, Medical and Prosthetic Research, MAMOE and Minor Construction? How much of this do you expect will be contained in your supplemental appropriation request?

Answer: The following table describes the FY 1982 costs of the October 1, 1982 pay raise, including the amounts for which additional appropriations will be required.

(dollars in thousands)

	GS	WB	Total
GOE	21,200	725	21,925
Medical Care	147,308	18,504*	165,812
Medical & Prosthetic Research .	4,244	74*	4,318
MAMOE	1,078*	...	1,078
Canteen	543*	694*	1,237
Supply	492*	255*	747
Minor Construction	1,157 1/	...	1,157
Total	176,022	20,252	196,274
* ABSORPTION	3,270 1/	19,527	22,797
Additional Appropriation Required	172,752	725	173,477

1/ $578,000 to be reprogrammed.

BOARD OF VETERANS APPEALS

Question: Your budget submission notes that claimants filed a record number of appeals in FY 1981 (68,183) and that there are no indications of a downturn in the high number of appeals. Why is the appeal rate continuing to increase?

Answer: While we are not certain why the appeals filing rate is so high -- and increasing -- we have a couple of theories:

° A comparison of the unemployment rates for adult males with the number of appeals initiated shows general correlation. Thus,

the relatively high unemployment levels could be part of the reason for the large number of appeals.

° Throughout our society there is a marked increase in litigation in most areas. We believe this spills over into veterans benefits as well. While the percent of benefit claims (compensation and pension) appealed is only about 2.5 percent, it was only about 1.8 percent 7 to 8 years ago.

Question: What measures are you taking to handle these increases?

Answer: First, for FY 1982 the Administrator provided people and funds to return the Board to 16 Sections. This will permit us to increase our output of decisions to 35,000 this year. Of course, with an input of 40,000 appeals for BVA resolution and an output of only 35,000 decisions, the backlog continues to mount. We are trying several management techniques that we hope will help to reduce the number of cases pending.

INCREASING RESPONSE TIMES

Question: You also note that response time continues to increase: 227 days in FY 1981; an estimated 268 days in FY 1982; and an estimated 319 days in FY 1983. Why is the response time continuing to increase?

Answer: We are in a situation where the number of new appeals to be resolved by the Board exceeds our ability to render decisions. For example, in FY 1981 the BVA produced 33,461 decisions -- while 39,702 appeals were added to the workload. In FY 1982 we expect to produce 35,000 decisions -- but 39,900 appeals will be added to the backlog.

Since response time is a product of rate of output of decisions and the pending workload, as the backlog increases the response time increases.

SIXTEENTH SECTION ADDED TO BOARD

Question: A sixteenth section was recently added to the Board of Veterans Appeals (BVA). What effect has this new section had in terms of appeals processing timeliness and the appeals backlog?

Answer: Our FY 1983 budget submission, workload estimates, and response times are based on the Board being organized with 16 sections. Had we remained at 15 sections, the backlogs and response times would have been more dreary --

° Instead of rising from 227 days in FY 1981 to an estimated 268 days in FY 1982 and to 319 days in FY 1983, with 15 sections the times would have risen to 327 days in FY 1982 and to 417 days in FY 1983.

° Related backlogs of appeals would have reached 47,600 by the end of FY 1983, instead of 41,600 as is the case with 16 sections.

Question: What percentage of appeals are remanded, allowed and denied?

Answer: Our experience shows that dispositions of appeals have been fairly constant over the years. The Board's long-term statistics (1964-1981) show an allowance rate of 12.9 percent. Another 14.6 percent were remanded; 71.7 percent were denied; and the remainder (0.9 percent) were withdrawn, dismissed, or vacated.

For FY 1981 the Board's allowance rate was 12.4 percent. The remand rate was 14.3 percent; the denial rate was 72.6 percent; and the "other" category was 0.7 percent.

Question: Why are cases remanded and what can be done to reduce the number of cases remanded?

Answer: A Board Section will remand a case if it feels that further development is necessary to ensure a fair review and decision. Among the most common reasons for remands are:

° To obtain a current physical examination or a special physical evaluation.

° To ensure full due process for an appellant.

° To gather further evidentiary material.

We compile statistics on remands, due process problems, and other aspects of appeal development and report them to the Department of Veterans Benefits and to the individual field stations.

We do not consider that the remand rate is excessive. In FY 1981 it was 14.3 percent -- from 1964 through 1981 it was 14.6 percent.

Actually, we believe that remands are beneficial to appellants in that they often preclude later reconsideration of a BVA decision. And, we note that about 30 percent of the appeals on remand are allowed by field stations after the requested development is completed.

CLAIMS PROCESSING IN FIELD OFFICES

Question: BVA's ability to work effectively with an appeal is related to how well the claim is handled in the field office. What mechanism or process is in place that apprises field offices of problems in adjudicating claims and executing appeals?

Answer: The BVA provides statistical information, by regional office, to the Department of Veterans Benefits. This includes data on field station actions on notices of disagreement (NOD) and substantive appeals as well as BVA actions on appeals that reach the Board.

We also provide information to DVB and to field offices about discrepancies noted in appellate processing and due process considerations.

If the Board detects a trend or problem area that covers many appeals or several stations, we report them to the Chief Benefits Director, the General Counsel, and to the Administrator, as appropriate.

As part of their duties, travel sections of the Board discuss field station problems and furnish officials with timeliness figures and dispositions of appeals that relate to the station.

PERSONAL HEARINGS BEFORE THE BVA

Question: Claimants have the right to a personal hearing before BVA either in the field or in Washington, D.C. What are your projections for personal hearings before BVA within the next 5 years?

Answer: We expect personal hearings to continue at the present levels --

° 1,000 to 1,200 hearings in Washington.

° 475 to 500 hearings before travel sections.

To a great extent these figures are controlled by the number of travel board trips and by limitations of Service Officer representatives and BVA Sections in Washington. In Washington we schedule 8 personal hearings per day -- about 2,000 per year. The no-show rate for these hearings is nearly 50 percent. Unfortunately, the Board seldom becomes aware of a no-show in time to arrange for another appellant to fill the vacancy.

Question: What are the success rates of claimants attending such hearings?

Answer: Our records show the following dispositions of appeals in which appellants had personal hearings before a section of the BVA:

Type Hearing	Allowed	Remanded	Denied
In Washington	16.5%	15.4%	67.4%
Before Travel Section	32.6%	9.5%	57.9%

CONSULTANT SERVICE CONTRACTS

Question: In compliance with P.L. 97-304, The Supplemental Appropriations Act of 1980, your Inspector General's office reviewed 8 of the 18 largest consultant service contracts awarded by the VA in FY 79 and the first 2 quarters of FY 80. The IG found no significant problem with 4 of the contracts, however, on the other 4 deficiencies including unclear work statements, inadequate justification for sole-source procurement, improper negotiation of costs by a program official, and negotiation of an unauthorized modification by a program official noted. What has the VA done to assure that these problems do not reoccur?

Answer: In response to our audit, the Assistant Deputy Administrator for Procurement and Supply implemented new management controls over Consultant Service Contracts. The new controls require the forwarding of information copies of contract approvals and justifications to the Inspector General, provide a better definition of consulting services, detail increased contracting officer and contracting officer technical representative responsibilities and require a new report cover format. In addition, statements assuring compliance with standards for ethics in government and determination of organizational conflicts of interest will be added. Requests for contractual services must include a determination that the request is not a duplication of existing available information.

A recent OIG audit, completed on January 8, 1982, showed that generally contracts awarded since our last evaluation have been awarded and administered in accordance with the new improved management controls for consultant service contractual arrangements. Contract approvals and justifications have been forwarded to the Inspector General. A Consulting Services Contracting Guide has been published and distributed to VA contracting specialists.

GSA RENTAL CHARGES

Question: During FY 81, your GSA rental charges totaled $60,914,000. In FY 82, you have budgeted $69,414,000 for that purpose or an increase of 14%. Your FY 83 budget contains an estimate of $86,699,000 for the same purpose. What explanation has GSA given to justify a 25% increase in rental charges from the FY 82 level?

Answer: 1. Even though we are decreasing a net 48,800 square feet of space, the new portion of the space we are occupying includes substantially more expensive clinic space at Oakland Park, FL and Columbus, OH.

2. There also are substantial changes in the rate costs due to the rate appraisals by GSA to estimate the fair value of all the space as if it were fully serviced.

ADP FOR THE INSURANCE PROGRAM

Question: What is the VA doing to update its insurance program ADP capabilities?

Please provide for the record a timetable of the goals association with that update program and the expected impact it might have on the time necessary to complete standard end products.

Answer: A preliminary study completed in June 1980 determined that the age and inflexibility of the present Insurance System made it not only desirable but necessary to convert to a new system. In September 1980 a Feasibility Study and Cost/Benefit Analysis was begun. Several alternative designs were developed and evaluated on the basis of costs to the VA and savings or benefits to be realized in both monetary and non-monetary terms. The design recommended by the study, and accepted by the Administrator, will provide an inquiry and work processing system for Insurance similar to TARGET. Because of the enormity of the redesign task, implementation of the new system will be accomplished in two phases. Phase I will provide an on-line inquiry system using video display terminals, but without any of the full scale rewriting and system expansion found desirable by the feasibility study. The goals of phase II have not been formally stated, but, as a minimum, it will provide for on-line transaction processing.

Installation of the on-line inquiry system is expected to begin early in calendar year 1983. The inquiry system should reduce the

time required to process most end products by one to two days. The on-line transaction system is tentatively scheduled for implementation in FY 1985. The phase II transaction system should provide a further improvement in processing time.

OUTYEAR SAVINGS OF PROPOSED LEGISLATION

Question: Your budget justification indicates that, if the legislation you are proposing is enacted, approximately $3 billion in savings would accrue over the next 5 years. Is this still an accurate estimate? Do you expect that the VA will be proposing additional cost saving legislation during FY 84 as well?

Answer: Yes, it is still an accurate estimate. We do expect to propose additional cost saving legislation in 1984 as well.

The following table outlines the Administration's proposed legislative changes:

PROPOSED LEGISLATION

(Dollars in thousands)

The following items are included in the President's legislative program for the Second Session of the 97th Congress and have been included in his FY 1983 Budget.

	FY 1982		FY 1983	
	Budget Authority	Budget Outlays	Budget Authority	Budget Outlays
Proposed legislation included in appropriation request:				
Compensation:				
• Delay payment to first full month of entitlement ..	...	...	$ -9,000	$ -9,000
• End-of-year to end-of-month	...	...	-1,400	-1,400
• Eliminate dependency allowance for veterans rated less than 50 percent disabled	...	...	-135,300	-135,300
Total, Compensation	...	...	-145,700	-145,700
Pensions:				
• Issue benefit checks in even dollars	...	...	-10,800	-10,800
• Delay payment of benefit	...	...	-19,800	-19,800
• Amend end-of-year rule	...	...	-1,800	-1,500
• Amend definition of dependent child	...	...	-30,300	-30,300
Total, Pensions	...	...	-62,700	-62,400
Readjustment Benefits:				
• Eliminate correspondence training	...	...	-5,600	-5,600
• Eliminate subsistence allowance for vocational rehabilitation dependents	...	...	-19,700	-19,700
Total, Readjustment Benefits	...	...	-25,300	-25,300
General Operating Expenses:				
• Eliminate the inspection of vocational rehabilitation institutions that insures 50 percent or more of veterans are employed in field of training	...	...	-223	-223
Total Proposed legislation included in appropriation request	...	...	-233,923	-233,623
Proposed legislation not included in appropriation request:				
Compensation:				
• Delay payment to first full month of entitlement .	$-1,000	$-1,000	...	...
• End-of-year to end-of-month	...	...	...	...
• Eliminate dependency allowance for veterans rated less than 50 percent disabled	...	...	...	...
• Cost-of-living increase of 8.1 percent (10-1-82)	...	...	771,000	706,800
Total, Compensation	-1,000	-1,000	771,000	706,800
Pensions:				
• Issue benefit checks in even dollars	-1,400	-1,400	...	...
• Delay payment of benefit	-2,400	-2,400	...	...
• Amend end-of-year rule	...	...	...	...
• Amend definition of dependent child	...	...	...	...
Total, Pensions	-3,800	-3,800	...	...
Readjustment Benefits:				
• Eliminate correspondence training	...	...	...	...
• Eliminate subsistence allowance for vocational rehabilitation dependents	...	...	...	...
Total, Readjustment Benefits	...	...	...	...
General Operating Expenses:				
• Accept contributions for construction projects on land adjacent to and facilitating safe ingress and egress with national cemeteries	100	100	100	100
Medical care:				
• Elimination of construction and operation of garage and parking facilities revolving fund and direct appropriation to the Medical Care account	...	...	4,692	4,692
Total, Proposed Legislation not included in appropriation request	-4,700	-4,700	775,792	711,592
Proposed legislation (receipts):				
Proprietary receipts from the public:				
• Legislation will be proposed to establish a 1/2 of 1 percent loan processing fee in 1983. It is expected that this will produce $94.6 million in receipts. This income will be deposited in the general fund of the Treasury as a VA proprietary receipt	...	...	-94,640	-94,640
Total, Proposed legislation	$-4,700	$-4,700	$447,229	$383,329

UNOBLIGATED BALANCES IN ACCOUNTS AND FUNDS

Question: Please provide for the record a list of accounts and funds under the jurisdiction of the Veterans Administration. For each of these accounts and funds, please provide the most current data as to the unobligated balances.

(Thousands of dollars)

ACCOUNT	TOTAL AVAILABLE FUNDS	OBLIGATIONS	UNOBLIGATED BALANCE CARRIED FWD	UNOBLIGATED BALANCE LAPSING
Compensation & Pension	$12,538,170	$12,490,591	$47,579	...
Readjustment Benefits	2,365,127	2,334,107	31,020	...
Veterans Insurance and Indeminities	9,692	9,404	288	...
Medical Care	6,390,257	6,378,209	...	$12,048
Medical & Prosthetic Research	148,071	144,433	2,889	749
Medical Administration Miscellaneous Operating Expenses	52,825	51,047	...	1,778
General Operating Expenses	645,901	627,611	...	18,290
Construction	1,312,569	408,930	903,639	...
Grants for Construction of State Extended Care Facilities	18,541	11,715	6,820	6
Grants to the Republic of the Philippines	1,202	1,165	25	12
Assist. for Health Manpower Training Institutions	51,442	35,329	16,112	1
Grants for Construction of State Veterans Cemeteries	9,501	1,308	8,193	...
TOTAL	$23,543,298	$22,403,849*	$1,016,565	$32,884

*Excludes $2,950,369 of obligations in revolving funds and trust funds.

Legislative proposal for Unemployable Veterans Compensation

Question: As I understand it you are proposing that if a veteran is assigned a total rating on the basis of individual unemployability resulting from service-connected disability, consideration will be given to whether the veterans is receiving other federal benefits based on disability or retirement.
How will this work and what savings are envisioned?
I assume that if, for some reason, the other form of federal assistance were to cease, a veteran could be re-evaluated for the purposes of determining eligibility for 100% compensation based on unemployability.

Answer: It is proposed that if a veteran is determined to be unemployable by reason of service connected disability, consideration will be given to whether the veteran is receiving other Federal benefits based on disability or retirement. If so, payment of compensation would be limited to the monthly rate based on the degree of disability, without regard to employability, (60% through 90%) or the 100% rate less other Federal benefits, whichever was greater. The savings envisioned are:

FY	Savings ($ millions)
1984	$ -282.5
1985	-296.0
1986	-310.2
1987	-336.1

All veterans who claim unemployability would be evaluated as to basic entitlement but the rate of payment would depend upon receipt or nonreceipt of other Federal benefits. If the other Federal benefit were to cease, a new determination would be made as to the rate payable.

MORTGAGE - BACKED SECURITIES

Question: The Administration is proposing reductions in Federal loan guarantees including a $20 billion reduction in the commitment level of the GNMA/MBS program.

What impact will this reduction have on the availability of VA-guaranteed loans for veterans?

Answer: If the commitment level for Government National Mortgage Association is approved as submitted, we expect a negative impact on the availability of mortgage credit for VA guaranteed loans, particularly if the reductions continue past FY 1983.

CHANGES IN LEGISLATIVE PROPOSALS

Question: What will be the budgetary impact of your proposed change in the definition of dependent child in the Pensions programs?

Answer: The proposed change in the definition of dependent child in the Pensions will result in the following savings:

FY	Savings ($ millions)
1983	$-13.4
1984	-18.4
1985	-21.7
1986	-24.6
1987	-22.6

Question: Why are you proposing this change?

Answer: Nonservice connected pension is a needs based program which provides assistance to disabled or aged veterans and their dependents. Children in post secondary education should not be included in the consideration of the dependents for whom the veteran or surviving spouse has a continuing obligation to support. The children who would be affected will be of legal age in almost all jurisdictions and it is reasonable to expect them to secure the financial resources necessary to continue their schooling.

RECOVERY OF SURPLUS FUNDS ACCUMULATED UNDER THE PREDISCHARGE EDUCATION PROGRAM

In December 1977, GAO recommended that VA conduct audits of various schools participating in VA's Predischarge Education Program (PREP) in order to identify and take action to recover surplus funds accumulated by schools participating in the program. VA subsequently conducted such audits and has found that about $13 million in surplus funds have been accumulated by the schools audited. VA has taken action to collect such debts in addition to referring cases to the Department of Justice for collection.

Question: How many schools have accumulated surplus funds under the PREP program?

Answer: The VA Office of Inspector General has identified 38 schools whose records indicate surplus PREP funds of $25,000 or more.

Question: What is the amount of surplus funds that VA has recovered?

Answer: The VA has not recovered any surplus PREP funds to date.

Question: How many cases has VA referred to the Department of Justice for collection?

Answer: The VA has referred eight cases to the Department of Justice.

Question: When were such cases referred to Justice and has legal action been taken on any of these cases?

Answer: The VA referred two cases to the Department of Justice for collection on July 25, 1980. As a result of litigation (State of Washington versus Veterans Administration), six other cases were referred to the Department of Justice in May 1981. The Department of Justice is pursuing collection in seven of the eight referred cases. The remaining case is under consideration by the Department of Justice for collection. The civil action, State of Washington versus Veterans Administration, is presently being litigated in the U.S. District Court, Eastern District of Washington.

RE-EXAMINATIONS OF DISABILITY RATINGS

Question: At the time that a veteran's disability is being rated for a VA compensation or pension award, the respective VA regional office rating board makes a determination whether the disability is likely to improve materially in the future. If in its judgement the disability is likely to improve, the rating board schedules the future date when the veteran's disability should be considered for re-examination. Regional offices are responsible for ensuring that the re-examinations are scheduled and completed by the respective VA medical centers. The rating boards then re-evaluate the disability in view of the recent medical examination.

VA regulations provide that when the degree of disability has not changed over a 5 year period, the disability is considered static and no further re-examinations are to be scheduled.

To what extent are disability ratings increased or decreased as a result of scheduled re-examinations?

Answer: We do not keep statistics regarding the number of increased or decreased ratings which result from scheduled re-examinations.

Question What is the cost to VA for conducting re-examinations?

Answer: The cost of a routine outpatient visit is $51 to $54. The cost of a future re-examination is not specifically separated from other outpatient costs. However, the specialized tests often required in connection with re-examinations would cause the cost of these exams to exceed that of a routine outpatient visit.

Question: To what degree is there medical evidence available that would show that disabilities remaining static for a 5 year period are not likely to improve?

Answer: The regulations provide that no future examinations will be requested under a number of circumstances. Two of these circumstances are 1.) where the evidence shows no material improvement for 5 years or more and 2.) where there is no likelihood of improvement. It is not stated that 5 years without improvement indicates medical evidence that the disability is unlikely to improve. These are two separate criteria. Whether there is likelihood of improvement is a determination made on the known characteristics of a specific disability. The "five year rule"is for application for all disabilities without regard to the specifics of the actual condition. It is based on experience and a decision that the expense of continued reexaminations in such cases is unwarranted in view of the relatively long period of time during which no improvement has been shown.

INCREASED COMPENSATION FOR HOSPITALIZED VETERANS

Question: VA regulations provide for the assignment of a total (100%) disability rating when a veteran requires hospital treatment or observation for a service-connected disability for a period in excess of 21 days. The increase in benefits -- a minimum increase of $451 per month -- is effective the first day of continuous hospitalization and is terminated effective the last day of the month of hospital discharge. The total disability rating may be continued for another 3 months if convalescence is required.

What is the rationale for such benefit increase?

Answer: When a veteran is removed from the workforce because of extended hospitalization for observation or treatment of his service-connected disability, he is essentially totally disabled since he is unable to maintain his prehospitalization earning capacity. This is not only true for the actual period of hospitalization, but is also true in most cases for the immediate postdischarge period and for the entire period of any required convalesence.

Question: What is the basis of the 21-day waiting period?

Answer: The 21-day waiting period is considered to be an appropriate demarcation line between short-term and long-term hospitalizations. A period of 21 days or less during which a veteran is hospitalized is not felt to be of such magnitude as to cause a substantially significant loss of earning capacity. In computing the amount of compensation payable for each level of disability, a factor was added to cover the amount of lost earning capacity wich could be estimated to occur annually on the basis of short-term hospitalization. Hospital stays in excess of 21 days are considered to have a substantially significant impact on earning capacity which is not covered by the standard rates of compensation.

Question: Why are such benefit increases made retroactive to date of admission?

Answer: The temporary total evaluation is made retroactive to the date of hospitalization to cover the economic loss already sustained by the veteran because of long-term hospitalization. Once a period of hospitalization exceeds 21 days, the economic effects on earning capacity are considered irremediable for the entire period.

Question: How many cases received such increased payments in FY 81 and how much were compensation payments increased?

Answer: For fiscal year 1981 it is estimated that 16,979 cases were increased to a temporary total rating based on hospitalization at a cost of $46.3 million.

Question: What information do you have that would indicate the extent to which extended hospitalization impacts on a veteran's income?

Answer: Although specific information on economic impact is not presently available, it stands to reason that extended hospitalization reduces an employee's earning capacity to zero.

DISABILITY COMPENSATION

Question: Conditions in VA's Schedule for Rating Disabilities which are listed as 30% and 40% disabling seem to vary widely in their severity. Listed as 30% disabling for example are such conditions as partial lung collapse, Non-Functioning of one kidney and anatomical loss of one eye. Also listed as 30%, however, are such seemingly minor conditions as moderate laryngitis, severe sinsusitis and flat feet.

Do you believe that the rating schedule contains inequities in that some veterans may be overcompensated for their disabilities while others are undercompensated?

Answer: The rating schedule is based, as closely as is possible, on the average impairment of earning capacity caused by the listed disabilities in civilian occupations. Since the schedule is based on the average impairment of earning capacity, it follows that the evaluations assigned may in some cases not actually reflect the earning impairment of the individual veterans. However, experience has shown that attempts to determine the actual earning impairment for each veteran are administrative impossibilities and lead to greater inequities than a schedule based on average impairment. The rating schedule is periodically reviewed in the light of current medical evidence. These reviews ensure the greatest possible correlation between disability and earning impairment.

100% DISABILITY RATINGS

Page 209 of your budget contains a table on program trends for compensation cases over the past 5 years (FY 77 - FY 81). The table shows a nearly 14,000 or 11% increase in 1981 in veterans with a 100% disability rating. For the prior 4 years, this caseload had remained constant. Further, there was a corresponding decrease in veterans with 70% disability ratings.

Question: What accounts for this significant change in the composition of the compensation caseload?

Answer: The increase in the 100% disability evaluations is basically due to claims for and reviews of 100% ratings based on individual unemployability.

Question: To what extent do these changes result from increases in ratings from 70% to 100%?

Answer: 13,150 cases of psychiatric disability were increased from 70% to 100%.

Question: Under what circumstances would these 70% ratings be increased to 100%?

Answer: During a review of unemployability cases which was conducted during Fiscal Year 1981, we found that the 13,150 cases of psychiatric disability in which the veterans were totally (100%) disabled based on an evaluation of the severity of their disability but who were rated as 70% disabled with the 100% rate paid based on unemployability. In these cases the evaluation was increased to the proper 100% rate, and the unemployability evaluations were discontinued.

Question: Why does such reclassification appear to affect only 70% disability ratings?

Answer: The 70% evaluation was affected since the schedule of evaluations for psychiatric disability progresses from 50% to 70% to 100%. Only those veterans evaluated as 70% disabled were eligible for consideration of individual unemployability and were, therefore, involved in the increase to the appropriate 100% evaluation under the schedule.

Question: How many such cases were rated as "unemployable" under the 70% ratings?

Answer: 13,150

Question: To what extent do your data indicate whether any such changes are occuring in FY 82?

Answer: The large numbers of increases from 70% to 100% were due to a special review and are not recurring. Our review of current claims for unemployability indicates a considerable slowing in the number of grants. As of September 1980, 51,992 veterans rated 70% disabled were rated as unemployable. As of September 1981 only 37,753 veterans were so rated. Between September 1981 and December 1981, those cases rated 60% to 90% disabled but paid at the 100% rate due to unemployability declined by 2,150 cases, while those cases rated 100% disabled without regard to unemployability increased by 228 cases.

DISABILITY COMPENSATION

Question: Most public and private workmens' disability compensation programs make a distinction between "temporary" versus "permanent" disability. Under the VA program, some veterans who suffered a disability are compensated for life for an "average lost earning capacity". One of the historical arguments supporting the "average lost earning capacity" concept is that the task of administering such a large program on a case-by-case basis would be immense.

Do you have an estimate of how many veterans might be receiving compensation for disabilities which are not now causing them to suffer lost earning capacity?

Answer: Compensation is payable for the ascertainable residuals of a disability which was incurred in or aggravated by service. Veterans are not "compensated for life" on the basis of temporary conditions which leave no residual disability. There are certain situations, such as with amputations and "minimum" schedular evaluations, when a veteran's rating may not be reduced below a specified level of disability. However, most disabilities are subject to periodic re-examination and re-evaluation until a decision can be made that the level of disability has become static.

No estimate can be made of the numbers of veterans who might be receiving compensation for disabilities which are not now causing them to suffer lost earning capacity, if such cases do, in fact, exist. Compensation is based on an average loss of earning capacity without regard to the ability of particular individuals to overcome

their disability. The economic loss sustained by different individuals with the same disability can vary greatly. The potential earning ability of an individual, had he not been disabled, is likewise impossible to determine. The "average impairment" concept was developed to equitably treat similarly circumstanced individuals.

Question: If you made lump-sum payments to veterans rated less than 30% disabled, you would cut your caseload roughly in half.

Could you then, more equitably, administer benefits to the seriously disabled?

Answer: Since benefits for the seriously disabled and less seriously disabled are currently administered on an equitable basis, lump-sum payments to veterans rated less than 30% would serve no purpose other than reducing the caseload. There are several major objections to lump-sum payments. The first is that medical conditions affecting a veteran's disability often change and require re-evaluation of the degree of disability. Secondly, not all veterans would apply a lump-sum payment wisely and could at some future date find themselves in severe economic straits due to their disability with no recurring benefits to assist them. In situations where the degree of disability had changed or the lump-sum payment had been misapplied the Government would find it difficult to defend a position that the lump-sum payment fully absolved it from any further obligation to the veteran.

DEPENDENCY AND INDEMNITY COMPENSATION

Question: VA benefits to widows are terminated upon remarriage. However, benefits are reinstated if these widows' remarriages end.

How much do you estimate would be saved if VA benefits were not restored to widows whose remarriages ended?

Answer: There is no data available to estimate the savings if VA benefits were not restored to widows whose remarriage ended.

Question: How many widows would you estimate are currently receiving benefits who had previously remarried and had benefits terminated, then later restored upon their remarriage ending?

Answer: There is no data available concerning those widows previously remarried who were later restored upon the termination of the remarriage.

Question: Do you know how many widows on the average each year have benefits restored upon the termination of their remarriages?

Answer: There is no data available concerning the numbers of widows who have benefits restored in an average year.

DEPENDENCY AND INDEMNITY COMPENSATION

Question: You state on Page 1-100 of your budget that: "In 1982, the average age of World War I veterans will be 82.0 years,

World War II veterans 62.0 years, Korean conflict veterans 52.7 years and Vietnam veterans 34.6 years. As age and disability take their toll, we expect an increase in the number of death claims in future years."

VA's statistics for the dependency and indemnity compensation program reveal a gradual increase in cases from 289,159 in Fiscal Year 1977 to 302,844 in Fiscal Year 1981.

What are your caseload and cost estimates for the dependency and indemnity compensation program over the next 5 years?

Answer: Shown below are the estimated cases and cost for the Dependency and Indemnity Compensation (DIC) program:

Fiscal Year	Average Cases	Cost ($ Millions)
1982	304,500	$1,673.7
1983	307,400	1,688.4
1984	310,100	1,700.2
1985	312,700	1,712.5
1986	315,200	1,721.9

Question: Given that you're estimating an increase in death claims in future years, what special measures are you taking in preparation for this increase, such as increased emphasis on death claim adjudication procedures?

Answer: In the absence of any new legislation relating to death claims, only the numbers and not the adjudication procedures are expected to change. Adjudication personnel have already been extensively trained in the handling of death claims, and refresher training continues to be provided at all regional offices. We feel that the knowledge and expertise to handle any projected increase in death claim workload is already available.

DISABILITY COMPENSATION

Question: As reported in Table 65 of VA's 1980 annual report, the VA is administering approximately 1.3 million separate claims for compensation for veterans with disabilities rated less than 30%. These claims account for approximately 56% of all disability claims but only 15% of the total monetary value of all claims. The average monthly value reported in your 1980 annual report for 10% disability claims was $48.45 and for 20% claims, $88.82.

How much administrative savings would you estimate there might be if you compensated such veterans with a lump-sum payment rather than administering for life such an enormous number of claims for less than or slightly more than $100?

Answer: Claims from veterans rated less than 30% account for approximately 69% of all disability claims.

While we are unable to provide a definitive estimate of administrative cost savings based on lump-sum payment from the information provided, savings would accrue from mail, data processing, etc.

Question: How many of these veterans have conditions considered static or unchanging?

Answer: We do not keep statistics regarding the number of claims in which future examinations are or are not scheduled. Therefore we are unable to estimate how many veterans have static disabilities.

END-OF-YEAR RULE

Question: Section 3012 of Title 38 provides that where a benefit is to be reduced or discontinued by reason of a dependent's or survivor's marriage or death, or a veteran's divorce or annulment, the effective date for reduction or discontinuance shall be the last day of the calendar year in which the event occurred. VA is recommending that the effective date be changed from the end of the calendar year to the end of the month in which the event occurs. What is your rationale for recommending this legislative change?

Answer: The current provision of the law providing additional compensation for dependents through the end of the year in which dependency ceases authorizes payment for up to 11 months during which the veteran or surviving spouse is not actually responsible for the support of the dependent. The change would make benefits payable truly reflective of actual family circumstances.

Question: You have estimated that this legislative proposal will result in a savings of $1.4 million affecting 7,100 veterans and 100 survivors in the compensation program and $1.8 million savings affecting 4,400 veterans in the pension program. How did you develop these estimates?

Answer: The savings estimates for this legislative proposal were developed in the same manner for the Compensation, Pensions and DIC Parent programs. Dependent child and spouse caseloads were isolated from each of the three programs and the following statistical measures from the Statistical Abstract of the United States were applied:

5 divorces per 1,000 marriages

6 child deaths per 10,000 children

6.3 child marriages per 100 children

Spouse deaths - subtract 3 years from average age of veteran and apply appropriate death rate from mortality table.

The resultant affected caseloads were multiplied by the appropriate unit cost factor to arrive at the total savings.

Question: Please provide for the record a breakdown of reduction or discontinuances, by reason, i.e., spouse, child and dependent parents.

Answer: The FY 1983 caseload breakdown by program and beneficiary type is as follows:

	Compensation	Pension	DIC
Spouses death	2,800	2,655	30
Spouses divorce	3,000	760	30
Child death	300	35	30
Child marriage	1,000	950	10

EDUCATIONAL ASSISTANCE OVERPAYMENTS

Question: VA reported that educational assistance overpayments outstanding as of September 30, 1981 amounted to $434.9 million or an increase of $14.3 million over the amount outstanding as of September 30, 1980. VA also reported that educational assistance overpayments established during FY 1981 amounted to $261.6 million compared with $286.9 million for FY 1980. Although this represents a decrease of $25.3 million, VA has also reported a decrease of 151,832 persons in training and a decrease of $43.2 million in training costs during these two years.

How do you explain the fact that VA cannot show a greater reduction in the amount of overpayments established plus the fact that the amount of overpayments outstanding continues to rise?

Answer: There still remains the problem of not receiving prompt notification from veterans and school officials when training has been interrupted. Additionally, the rate incrases of October 1, 1980 and January 1, 1981 have affected the amount of overpayments established in FY 1981. Naturally the current economic recession prevents a great number of veterans from repaying their overpayments; consequently, the amount of overpayments outstanding continues to rise.

Question: During the FY 1982 Appropriations Hearings, VA indicated that overpayments are caused by the fact people interrupt their training and VA does not get notification of such interruption.

What has VA done during the past year to improve this situation and how do you evaluate the success of these efforts?

Answer: We are continuing to instruct field personnel to assist school officials through regular and systematic liaison visits to schools. We are vigorously pursuing school liability in the hope that more incentive would be provided for school officials to promptly report interruptions. The effects of these efforts will not be felt immediately. It is hoped that over a period of time these efforts will serve to heighten the awareness of school officials to report promptly to the VA.

Question: On October 17, 1980, Public Law 96-466 was enacted to help VA solve its debt collection problem by permitting it to: (1) report delinquent debts to consumer reporting agencies, (2) charge interest and administrative costs on delinquent debts and (3) use its own attorneys to litigate certain debts.

What is the current status regarding the implementation of the debt collection provisions of PL 96-466?

Answer: In regards to the implementation of the debt collection provisions of PL 96-466, VA attorneys have been used since October 1980 in litigating certain debts. The charging of interest and administrative costs on delinquent debts is scheduled for installation in November 1982. The installation date for reporting delinquent debts to consumer reporting agencies is August 1983.

14-067 O - 83 - 19

Question: How is VA planning to collect the $198 million in debts on which collection action was terminated between June 1975 and June 1980?

Answer: The VA is planning to collect $198 million in debts on which collection action has been terminated by reactivation of the terminated accounts. The terminated accounts will be reactivated in June 1982.

This reactivation will permit the transfer of these accounts to CARS (Centralized Accounts Receivable System) for collection action. Administrative collection procedures will then be initiated. If positive results are not achieved, then the accounts where the statue of limitations has not tolled will be referred for enforced collection to the appropriate VA District Counsel or U.S. Attorney.

Question: What is the current status regarding collection of the $37 million owed to the VA by the 66,000 U.S. employees identified through the matching of VA debts with U.S. payroll records?

Answer: As of January 20, 1982 all but 28,413 U.S. employees identified through the matching of VA debts with U.S. payroll records have paid their debt in full or had other disposition action taken to liquidate the indebtedness. The total dollar amount outstanding as of January 20, 1982 was $16,970,690.

Question: How much has VA collected through the matching of guaranteed home loan applicants with educational assistance overpayment accounts?

Answer: The VA has collected $12,114,640 through January 1982 through the matching of guaranteed home loan applicants with educational assistance overpayment accounts. Based upon established repay plans and offset due to reentrance in training an additional $2,971,027 in collections can be anticipated.

Question: What action is taken against debtors who sign a repayment agreement in order to obtain a guaranteed home mortgage and subsequently default on their repayment agreement?

Answer: When a debtor signs a repayment agreement in order to obtain a guaranteed home mortgage, it is monitored by CARS (Centralized Accounts Receivable System). When a default occurs, CARS pursues the same type of collection action as is pursued on other defaulted repayment plans. First, a payment reminder is sent out. If no payment is received, a demand letter for payment is sent. If no response to this letter is received, the debt is referred to the appropriate VA District Counsel, if $1,200 or less, or to the appropriate U.S. Attorney, if over $1,200, for enforced collection.

Question: What is your position regarding the use of collection agencies for the collection of education-related debts.

Answer: We are presently looking at what product the collection agencies can offer the VA in the collection of education-related debts. A test of their services is planned in the future. The

results of the test and the impact on VA's GOE funds will be evaluated to determine the agency's position on the use of collection agencies. At present we collect in cash, in excess of five dollars for every dollar expended in our collection effort.

Question: For the record, what is the number and dollar amount of debts which has been referred to VA's District Counsels for collection and what is the current status of such debts with respect to total amount of cash collected, debts paid in full, debts currently under repayment agreements, complaints filed, judgements obtained and assets seized?

Answer: As of the end of February 1982, 151,209 accounts with a value of $94,149,000 had been referred to the District Counsels. The total cash collected was $4,542,000. There were 4,622 accounts paid in full. Under repayment agreements there are 21,380 accounts for a total dollar value of $12,014,701. There were 16,358 complaints filed. The District Counsels have obtained 7,226 judgements for a dollar value of $4,568,000. No assets have been seized.

LOAN GUARANTY

Question: On page 1-88 of your budget you note that the Jacksonville Loan Guaranty Office is being moved to St. Petersburg to be consolidated with the Regional Office. In a February 8, 1982 letter to the Committee, VA noted a savings of 27 FTEE personnel associated with this consolidation.

Also the supplement to the U.S. Budget for FY 83 entitled "Major Themes and Additional Budget Details" contains a proposal for a Loan Guarantee User Fee to help defray operating costs of the Loan Guaranty Program.

Your budget submission identifies a reduction of 50 personnel for the Loan Guaranty Program.

Does this include the reduction of 27 personnel for the Jacksonville consolidation?

Answer: The relocation of the Florida Loan Guaranty Division from Jacksonville to St. Petersburg will result in a 27 FTE savings. The savings are split between two operating divisions. 12 FTE for the Loan Guaranty Division and 15 FTE for the Administrative Division which provides administrative support to the Loan Guaranty Division.

By law we cannot take any action to implement the relocation prior to October 1, 1982. February 1983, is the earliest possible date that we expect to begin the relocation of the Loan Guaranty Division. Assuming no delays, the maximum savings which could be expected in the Loan Guaranty Program is 8 FTE.

Question: What is the specific justification for the 27 FTEE savings?

Answer: Substantial changes in work processes and organizational structure will result from the consolidation of the Loan Guaranty Division with the St. Petersburg Regional Office. These changes will provide significant reductions in the number of manhours required to perform many functions. Listed below are the

annual manhour savings which will result from the functional or organizational change.

CHANGE IN ORGANIZATIONAL STRUCTURE OR WORK PROCESS	ESTIMATED MANHOUR SAVINGS
(1) Elimination of duplicate or unnecessary supervisory and lead positions.	8320
(2) Modification and consolidation of Loan Guaranty employees.	6240
(3) Direct access to the Target System by Loan Guaranty employees.	4160
(4) Elimination of separate supply support system.	1040
(5) Direct access to the Regional Office Centralized Transcription System.	2080
(6) Elimination of certain travel requirements as a result of consolidation.	2080
(7) Improved processing of telephone inquiries.	10400
(8) Improved coordination with Finance, Adjudication and District Counsel.	520
(9) Access to the Centralized Transcription System, Word Processing System.	10400
(10) Improved mail processing from consolidation.	520
(11) Elimination of personnel processing and administrative coordination functions.	2080
(12) Reduced staffing levels resulting from improved management ability to allocate Regional Office resources in response to fluctuating workloads.	8320
TOTAL ESTIMATED MANHOUR SAVINGS	56160
EQUIVALENT POSITIONS	27

Question: What costs are associated with the move from Jacksonville to St. Petersburg and are they included in the operating cost budget for the Loan Guaranty Program?

Answer: The relocation cost of approximately $998,210 includes $57,535 for the transportation of things, $3,675 for the installation of telephones, $136,000 in payroll cost, and $801,000 for the translocation of employees which includes all cost associated with the move of employees from Jacksonville to St. Petersburg. The relocation costs are distributed between the Loan Guaranty and Office Services Program.

Question: Is the proposed Loan Guarantee user fee included in the VA Budget Submission? If not, why not?

Answer: The proposed user fee is part of the VA budget submission. The Administration's proposal calls for the fees to be deposited in the Treasury as proprietary receipts where they will be credited as offsets to agency outlays.

Question: What is your justification for proposing a fee of 1/2% which would generate an estimated $95 million per year when the Loan Guaranty Program costs are estimated in your budget at $48 million?

Answer: The user fee is intended to partially offset the total cost of providing the Loan Guaranty benefit. The $48 million for program costs only represents general operating costs for the Loan Guaranty Program and does not, in fact, show supporting costs, i.e., a portion of Office Services, ODM&T, Executive Direction (at the Department and Agency levels), etc. Furthermore, it does not include outlays from the Loan Guaranty Revolving Fund for the payment of claims, property acquisitions and other expenses incurred in connection with the foreclosure of GI loans.

EFFORTS TO CONSOLIDATE REGIONAL OFFICES

Question: In March 1981, VA proposed regionalizing the benefits delivery operations to achieve FY 82 cost savings. However, in September 1981, the GRAMM-LATTA provision restored the cuts embodied in the regionalization concept. Congress' enactment of PL 97-66 on October 17, 1981, now prevents VA from implementing any major administrative reorganization without first submitting to the appropriate committees of the Congress a report containing a detailed plan and justification for the administrative reorganization. The VFW's Washington Action Reporter stated that a study is underway by the VA to consolidate some of the regional offices at a later date, possibly by 1984.

It is the Committee's understanding that VA currently has a study underway that considers consolidating regional offices, possibly by 1984.

What specifically is the content of this study?

Answer: This study encompasses a broad review of functions performed by regional offices to determine the rock bottom FTE needed to keep 58 regional offices functioning. In addition, the review will identify functions performed that do not involve face-to-face contact with the public, which could be divorced from the core and performed more effectively and efficiently.

Question: What is the basis for this study?

Answer: The Chief Benefits Director asked the DVB Management Advisory Committee to undertake an overall review of the veterans benefits delivery system as part of a continuing effort to remain effective and efficient providers of veterans benefits services.

Question: What benefits do you hope to achieve from such a consolidation?

Answer: Workload consolidations are among issues subject to this review which is in the early stages. Statements regarding the outcomes would be premature. The review is being conducted without prejudice. The fact that workload consolidations are valid issues for consideration is not indicative of intent.

Question: How many regional offices are being considered and what is the basis for selecting each one?

Answer: Consolidation of workloads and offices will always be viable management options for improving effectiveness and efficiency. There are no specific regional offices targeted or being considered for consolidation at this time. Should any major reorganization of field facilities be recommended in the future based on this or other management reviews, a report of plans and justification would be submitted to Congress as required by PL 97-66.

GI BILL REPORTING FEES

Question: Recently the National Association of Veterans Program Administrators brought to my attention a potential problem with the enactment of the new GI Bill. Their concern centers around the fact that if the new GI Bill is to be administered by higher education institutions, there should be a provision made to increase the reporting fee that is paid to the colleges from the Veterans Administration from the current $7-11 per veterans. What estimates do you have as to the average processing costs incurred by institutions to perform this paperwork?

Answer: There is no estimate available as to the "average processing costs incurred by institutions," and such a figure could not be quickly developed.

Question: What impact would it have on the program if these fees were increased, both in terms of costs and in terms of program administration?

Answer: There would be initial programing modifications which would be negligible in cost - i.e., not more than $5,000. No other additional administrative costs would result. The only significant impact would be the escalated funding requirement for the payments.

We are not acquainted with any bill which provides for administration by higher education institutions.

BENEFIT PAYMENTS TO DECEASED INDIVIDUALS

Question: On December 20, you announced a computer matching operation to determine where the benefit payments are being made to individuals who may, in fact, be deceased. Since the initiation of that activity, how many cases have you identified where payments may, in fact, have been made to deceased individuals? What does the VA intend to do to recover these payments?

Answer: The Veterans Administration, Office of Inspector General, matched a private firm's data base of deceased individuals (approximately 37 million) to 7.7 million VA compensation, pension and educational benefit records. We are currently purifying the raw hits to identify those cases where the benefit checks are still being issued. Once this task is completed, individual cases will be reviewed and appropriate action taken to recover erroneous payments and initiate criminal investigations where required.

ENERGY-EFFICIENT HOUSING EQUIPMENT

Question: On September 16, 1981, GAO issued a report suggesting that Federal agencies, such as the Veterans Administration, that have home loan programs could, through the upgrading of their standards, improve the energy-efficiency of homes.

Has the VA considered revising its standards to require additional energy conservation measures in the homes that it guarantees?

Answer: The GAO Report only recommends that the Administrator, "...promote, through contacts with builders and buyers of guaranteed and insured housing, the benefits and encourage the installation of high energy-efficient equipment."

On October 26, 1981, a directive was released to all field stations to encourage the use of high energy-efficient equipment.

ACCOUNTS RECEIVABLE FOR VA EDUCATIONAL ACCOUNTS

Question: In November you supplied this Subcommittee with a report on the status of your Educational Accounts. That document indicated that there was approximately $421 million in overpayment as of December 30, 1980. By December 30, 1981, these educational overpayments totaled approximately $435 million -- for an increase of $15 million.

What is the current status of these overpayments, what percent have been referred to the Department of Justice, what percent have been referred to the District VA Counsel and what percent of the veterans owing such payments have been requested to return the funds?

Answer: Currently we have 523,704 accounts with a dollar value of $424,685,000.

At this time 40,034 (8 percent), have been referred to the Department of Justice, and 161,341 (31 percent) have been referred to the VA District Counsels.

We are currently pursuing collection action on all accounts.

Question: What goals has the VA established in terms of the collections for FY 83?

Answer: The VA been tasked by OMB to increase our collections by $150 million in FY 82, over our collections for FY 81. In order to do this we have implemented an Agency Debt Collection Plan. We are currently in the process of completing this plan. We will continue to improve our automated and manual procedures in order to perform our Debt Collection responsibilities as efficiently as possible.

EDUCATION LOAN PROGRAM

Question: On August 28, 1981, GAO submitted a letter report concerning your Educational Loan Program. That report contained a series of recommendations and findings indicating that the program has had an increasing default rate, that individuals awarded loans often do not report financial assistance applied for or received from other financial aid programs, and the cost of administering the program is far greater than that of the Education Department's quaranteed student loan program.

Could you please respond to these GAO findings and indicate what the VA intends to do to improve this program?

Answer: The VA continues to propose elimination of this program to Congress, as the GAO has recommended. We are not in a good position to act to retroactively undo the consequences of veterans who have deliberately treated the education loan program as an "Unauthorized Grant Program."

As of August 1981 approximately 750 defaulted education loan cases were referred to VA District Counsels. The VA's authority to litigate is limited to those cases with debts of $1200 or less. Since the number of cases with debts up to $1200 is relatively small, increased collections will depend largely upon the Department of Justice.

The Omnibus Budget Reconciliation Act of 1981 restricted the education loan program to post-de-limiting date loans and loans for flight training. This number is expected to be quite small.

As far back as August 1978 we instituted the recommended administrative steps to tighten the requirements to insure approval of only those loans where real eligibility can be established.

SALE OF PROPERTY

Question: An analysis of your budget request, indicates that the expected activity in your Loan Guaranty Revolving Fund and Direct Loan Revolving Fund is considerably higher than in previous years. Your Loan Guaranty Revolving Fund, which provides credit assistance to eligible individuals up to 60% of the loan or $27,500 shows an increase of sales activity from $263.5 million in FY 82 to $1,048 billion in FY 83. This is a three-fold increase. The Direct Loan Revolving Fund, which provides loans in rural areas for the purchase or repayment of homes or farm residences shows no sales in FY 82 and sales of over $229 million in FY 83. In total, these receipts, which go directly to the Treasury, amount to approximately $1,014 billion.

Did OMB suggest the sale of these loans or was this a VA initiative?

Answer: The receipts are deposited to either the Loan Guaranty Revolving Fund or the Direct Loan Revolving Fund and do not go directly to the Treasury.

OMB requested that VA consider selling all loans available for sale for both the Loan Guaranty and Direct Loan Revolving Funds.

Question: Under what market conditions would the VA not recommend the sale of these loans?

Answer: We hesitate to predict exactly what market conditions would cause a cancellation of the loan sales. The advisability of proceeding with all or part of the sales will depend on a wide range of factors including the overall economic picture, the condition of the financial markets as well as the unobligated balances of the revolving funds.

Question: Given the current economic situation, how much would the government loss in disposing of these loans at this time?

Answer: We estimate that VA would incur discounts totaling approximately $357 million if the proposed total loan sales of $1.3 billion from both the Loan Guaranty and Direct Loan Revolving Funds were held at this time.

READJUSTMENT BENEFITS - DOD MATCHING PAYMENTS

Question: In this Post-Vietnam Era Educational Benefits Program, individual contributions were matched on a 2 for 1 basis by the Readjustment Benefits appropriation. However, as a January 3, the Department of Defense will provide these matching payments.

As a result of this transfer to the DOD, how much has the VA's budget decreased?

Answer: For the remainder FY 1982, the DOD payment of 2 for 1 matching money is budgeted at $7.25 million. For FY 1983 the DOD matching payment will be $12.5 million. The VA's Readjustment Benefits appropriation budget has been decreased by like amounts.

COMPENSATION

Question: Public Law 97-66 increased Disability Compensation rates for disabled veterans by an average of 11.2%. Public Law 97-37 liberalized entitlements to Compensation Benefits for POWs. Both of these legislative actions increased the amounts required to be paid under the Compensation account. At the same time, your caseload for Compensation has remained relatively constant since FY 81 at about 2.7 million individuals. With all these changes, you experienced a growth in compensation costs of approximately 13% from FY 81 and FY 82. A comparison between your FY 82 and FY 83 amounts indicates that this growth will slow to 8% during that time period.

Given the above facts, how do you explain this decrease and the rate of growth in your Compensation program?

Answer: The 8% rate of growth assumes the enactment of an 8.1% C.O.L. increase ($771 million) and the non-enactment of our legislative savings initiatives ($145.7 million).

The lower rate of growth from 13% to 8% is primarily due to: a lower rate of COL adjustment proposed in 1983 (8.1%) than was enacted in 1982 (11.2%); a lower rate of increase in caseloads in 1983 (5,720) than in 1982 (6,041); and no new legislative cost initiatives in 1983 other than the COL, whereas in 1982 the POW bill was enacted in addition to a COL.

Question: On page 20-10 of your budget justification you show a minus $93,522,000 in your FY 83 estimate for Compensation associated with "Change in Unobligated Balance".

Does this mean that you have a balance of that amount carried foward from FY 82?

Answer: Yes, and which will be used to reduce our 1983 requirements.

PENSION

Question: In a similar fashion, Page 20-11 of your budget justification indicates a decrease of $111,857,000 in your Pension account associated with the same "Change in Unobligated Balance".

What is the reason for this large unobligated balance?

Answer: The $111,857,00 unobligated balance in the Pensions account is due largerly to the effect of the Improved Pension program. Experience to date with this relatively new program has shown that the annual COL increase does not increase the Improved Pension program cost by a proportional percentage. This became markedly evident in 1981 after the July 1 COL increase, but did not manifest itself until after October. Accessions to the Improved Pension program are coming on the rolls at 80% to 90% of the average award of those already receiving Improved Pension. This is an indication that today's accessions to the Pensions program are lower than prior years due to higher income. These reduced accessions are a large factor in caseload and cost reductions.

ACCOUNTS STRUCTURE

Question: This year, once again, you are recommending a change in the Compensation and Pension Appropriations account structure. You are requesting that 3 separate accounts Compensation, Pension and Burial Benefits and Miscellaneous Assistance be established. Why is the Department making this request?

Answer: Notwithstanding the House Appropriations committee's objections, the Veterans Administration is recommending the C&P account structure change for the following reasons:

a) To achieve a more informative presentation of government-wide budgetary requirements.

b) To more closely correspond to government-wide functional program classification.

c) To facilitate program presentaiton.

Question: What flexibility might you lose if these accounts were combined in terms of transferring of funds?

Answer: We will not lose any flexibility in terms of fund transferrence if these accounts remain combined.

COMPENSATION AND PENSION COST OF LIVING INCREASE

Question: You expect to submit a request of $771 million for the cost of living increase in Compensation. In computing the amount of this supplemental, you have assumed an 8.1% cost of living increase.

Is this still your most current estimate for the cost of living increase?

Answer: Yes, this is our most current estimate for the cost of living increase.

READJUSTMENT BENEFITS

Question: During FY 82 you have transferred $25,800,000 from Compensation and Pensions to Readjustment Benefits to cover the costs of that program.

Do you anticipate any additional costs either in Compensation and Pensions or Readjustment Benefits to cover the full year costs of those programs?

Answer: Based on financial information through the end of February it appears that an additional $26.2 million may have to be transferred from Compensation and Pensions to Readjustment Benefits. The prime reason for this shortfall is the 1982 appropriation language which reduced our request by $19.7 million. This reduction was supposed to cover savings achieved by prohibiting new enrollments into Flight and Correspondence training. However, the reduction for flight was already included in our amended approrpriation request, consistent with the Budget Reconciliation Act of 1981 (PL 97-35).

MEDICAL CARE ADP RESOURCES

Question: You are proposing a 67% increase in your budget for medical care ADP resources -- from $25.3 million to $42.3 million. The principal increase is for $11 million for the various medical centers to buy minicomputers.

Have you performed a current survey of what hardware and software presently exist at each and every medical center?

Answer: The medical ADP budget as shown here reflects program plans that existed prior to the new Executive Order (February 18, 1982). This

order established a new strategy for this program and will result in newly-defined minicomputer applications for the VAMCs. The budget request to support this new strategy is presently under study. The Executive Order required specifically that an accurate survey of hardware and software be performed. The survey is underway, with results required by March 18, 1982.

Question: How do you plan to fund the software needed with each minicomputer hardware procurement?

Answer: The early phases of the program will use software developed in-house by VA activities. Basic subsystem modules covering the "core" system for pharmacy, laboratory, and scheduling are already available, along with a variety of discretionary add-on modules.

Question: Describe your plan to standardize administrative systems which would be common to all medical centers?

Answer: The Executive Order requires that all VAMC installations will install the "core" subsystem as well as provisions for administrative data reporting to be defined by VA Central Office. These modules will be certified and validated by the lead VAMC development centers against standards for content, performance and accuracy.

Question: Have you designated a lead center and/or individual to help in the implementation of the necessary programming and general hardware/software support at each medical center, as I suggested to you in my February 19, 1982 letter to you?

Answer: The process of structuring the consultant/support organization for use in the first phase of the program is presently underway. A detailed plan by hospital, lead VAMC and responsible individual will be established by September 1982.

Question: How will programming modifications be controlled and how will you know that the changes have been fully tested and "de-bugged" before full implementation? If the medical staff is to be involved in the programming efforts, will they be technically qualified in ADP to make sure mistakes do not occur?

Answer: Each VAMC is required to have a qualified ADP technician on staff prior to placing its ADP system into operation. Medical staff interested in program modification will have proposals implemented by the technician. Proposals once demonstrated will require certification by the lead VAMC prior to clearance for operational use.

Question: What control is VA's central office exerting over the medical centers' purchase and use of these minicomputers?

Answer: Decentralized procurement consistent with decentralized budgeting authority and management accounting remains a program objective. Until suitable regulations and procedures for this function are established, all plans for ADP applications and procurements by the individual VAMCs are required to be approved by VACO. VACO responsibility for consolidating for volume purchases will continue throughout the life of the program.

Question: What is the role of the Office of Data Management and Telecommunications (ODM&T)?

Answer: Present plans call for ODM&T to play a limited, peripheral role in determining compatibility, consistency and the establishment of performance standards in hospital ADP systems.

Question: What is the VA central office doing to insure that data collected at all medical centers are consistent and comparable?

Answer: The basic medical data and reporting structure, AMIS/PTF, is presently under review. Once redefined, data collection standards and requirements will be established and enforced in the manner described in response to question on standardized administrative systems given earlier.

READJUSTMENT COUNSELING PROGRAM

Question: What is the level of funding that is proposed for the readjustment counseling program for FY 83?

Answer: The FY 1983 level of funding for the readjustment counseling program is $31.4 million and 552 FTEE.

Question: How many Vet Centers will this support?

Answer: This will support 124 Vet Centers, and 12 Vet Center satellites.

Question: What portion of these funds will be for fee-for-service readjustment counseling for those veterans who cannot receive this counseling through Vet Centers?

Answer: The FY 1983 contract authority and funding for readjustment counseling is $11.2 million.

PROFESSIONAL PROGRAMS

Question: This year you are requesting increases of $6.992 million and 177 FTEE for special programs, including special "professional programs" previously referred to as "specialized medical services".

Are you meeting your utilization standards for professional programs previously referred to as specialized medical services?

Answer: The semiannual productivity report for the period ending September 30, 1981, shows that 83 percent of the units in the 13 monitored programs met the utilization standards. Ten percent of the units were classified as unsatisfactory, and five percent were listed as marginal. The remaining two percent had acceptable reasons for not meeting their standards.

Question: Please provide a listing of those professional programs now in operation and indicate the appropriate standard and utilization rates of those programs by type and location which failed to meet applicable VA standards as of September 30, 1981.

Answer: Attachment I is a listing of specialized medical services currently being monitored, with the standards for each program.

Attachment II is a list by type and location showing substandard units as of September 30, 1981.

Question: How many professional programs, by type and location, were closed or activated in FY 1982?

Answer: The Renal Transplant Unit at Tampa, FL, was closed in FY 1982.

The following 13 CT Scanner Units are projected to become operational during FY 1982:

Buffalo, NY
Cleveland, OH
East Orange, NJ
Kansas City, MO
Lexington, KY
Memphis, TN
Oklahoma City, OK
Pittsburgh, PA
San Antonio, TX
San Francisco, CA
St. Louis, MO
Tampa, FL
Washington, DC

Question: Do you plan to close down any programs in FY 1983? If so, where and have you offset these savings against this year's request? If not, why not?

Answer: We are continually reviewing the productivity of our programs with consideration for closure. A thorough study is being made of the Renal Transplant Program at this time with consideration for reduction in the number of programs. Until a positive decision has been made, savings cannot be identified. If, however, programs are closed, requests will be made to reprogram those funds for other programs.

Question: You had previously determined that the Washington, D.C., VAMC's Cardiopulmonary By-pass Surgery Unit should be closed. For the past 3½ years, the unit has been underutilized.

Why is this program permitted to continue when alternative care is available at other nearby community and Federal hospitals?

Answer: The Cardiopulmonary Bypass Surgery Unit at VAMC Washington, DC, has been scheduled for closure repeatedly over the past 3½ years and the Medical Center so directed. Upon appeal from the Medical Center and the affiliated medical school and following a site visit by the Cardiac Surgery Advisory Committee, the Medical Center has been allowed to continue its program. This past fiscal year, the program at VAMC Washington met 76 percent of its minimal required productivity with a mortality rate 1 percent lower than the average for the VA.

Question: Why are underutilized programs continued mainly to fulfill affiliation agreements with university hospitals?

Answer: At no time has an underutilized program been continued solely for purposes of the affiliation. During periods of closure appeal, patients have been sent to the nearest Cardiopulmonary Surgery program at VAMC Richmond. This poses a hardship on both the patient and the family. To send the patient out on a fee-for-service basis would be considerably more expensive than to perform the surgery at a VA medical center. Some of the local community programs over this period of time offered no better quality of care than the Washington VAMC.

Question: Why isn't the Heart Transplant Unit at the Richmond, Virginia Medical Center a specialized medical program?

Answer: The Heart Transplant Unit at VAMC Richmond is not a specialized medical service program. It is a pilot study which is investigational as are all cardiac transplant programs. It was established at VAMC Richmond to provide the in-house capability for surgery for those few patients in which a heart transplant is their only hope for survival, rather than refer those patients fee-for-service to the private sector at a cost of from $70,000 to $100,000.

Question: What distinguishes a specialized medical program from other services programs?

Answer: When medical programs are no longer designated as specialized medical services, or reported in our current listing of monitored programs, they are monitored regularly by the Service Directors to provide systemwide program planning and unit efficiency and effectiveness assessment. Top management oversight of these programs is provided through the above monitoring process by Central Office authorities with periodic review by advisory groups or oversight committees for those specialties.

The Department of Medicine and Surgery (DM&S) has been establishing specialized medical programs (SMP) within the health care facilities since the 1960s. Their initiation as new SMPs primarily related to the matter of budgetary visibility, since normally they could be considered as extensions and broadening of existing medical programs. The VA SMP concept provided for separate identification of proposed new starts, upgrading and expansions in the annual budget submissions. When a new technology was introduced, such as CT Scanners, one or several units were initiated as a demonstration model. As experience was gained in such areas as workloads, resource requirements, etc., the VA would proceed to nationwide implementation of the program. The identity of the program as a SMP is dropped when the program reaches planned deployment, becoming a part of the regular health care delivery system. Normally, it has taken five to ten years to achieve general deployment of an SMP program in the VA system. To date, approximately 20 programs have been dropped from the SMP listing with 13 programs still monitored formally for productivity and utilization.

Although the SMP concept has served a useful purpose in activating and expanding program units, it is now generally felt that it has run its course. Cancellation of centralized SMP administration would pose no problem as long as the unit services could continue and become an integral part of the medical center treatment program, as have ICUs, for example. The MEDIPP process will play a part in the recommendations for opening and closing programs.

PRODUCTIVITY/UTILIZATION STANDARDS FOR PROFESSIONAL SERVICES PROGRAMS

Program	Bed Occupancy Standard (%)	Monthly T/O Rate Standard (%)	Other Standards
	Six Months Allowable Time Period for Corrective Action		
Alcohol Depend. Treatment Units			
Inpatient	85	85	
Outpatient			1000/visits/ FTE-professional/year
Therapeutic Communities	80	30	
Blind Rehabilitation Centers	85	45	
Blind Clinics	70	30	
Cardiac Cath. Laboratories			300 patients/year*
Cardio-pulmonary By-Pass Surgery			100 cases/year
Computed Tomography			2000 patient procedures/year (a procedure includes, during single visit, all scans of same diagnostic anatomic area)
Drug Depend. Treatment Units			
Inpatient	85	85	
Outpatient			1000/visits/ FTE-professional/year
Therapeutic Communities	80	30	
Hemodialysis Centers and Home Dialysis			230 center treatments per center bed per year and 1.5 patients per FTE funded to the facility for dialysis purposes

* A 20% downward deviation from this standard may be permitted for each of the following; remote location, educational program, and research activities. Maximum downward deviation permitted is 30%.

PRODUCTIVITY/UTILIZATION STANDARDS FOR PROFESSIONAL SERVICES PROGRAMS

Program	Bed Occupancy Standard (%)	Monthly T/O Rate Standard (%)	Other Standards
	Six Months Allowable Time Period for Corrective Action		
Hypertension Screening and Treatment Program			800 patients on treatment roster 250-300 clinic visits/month
Renal Transplant Units			15 transplants/year
Satellite (Self) Dialysis			156 treatments/ bed/year
Sickle Cell Program			
Screening			
Sickle Cell			1000 patients/year
G-6-PD			1000 patients/year
Education			1000 patients/year
Spinal Cord Injury Centers	80	5	Long-term care patients**
	80	30	All other patients

**Patients continually hospitalized for one year or more and who do not require active medical or rehabilitation therapy.

MEDICAL CARE

Question: Also provide a list, by type and location, showing those below the standards.

Answer: The following is a list, by type and location showing substandard units as of September 30, 1981:

Alcohol Dependence Treatment Programs
- Birmingham
- Manchester
- Miami

Cardiac Catherization Laboratories
- Bronx
- Indianapolis

Cardiopulmonary By-pass Surgery
- Brooklyn
- Columbia
- East Orange
- Indianapolis
- Lexington
- Little Rock
- Pittsburgh (UD)
- San Juan
- Washington, D.C.

Computed Tomography
- Long Beach
- San Diego

Drug Dependence Treatment Program
- Albany
- Indianapolis

Dialysis Centers and Home Dialysis
- Northport
- Philadelphia
- San Diego

Hypertension Screening and Treatment Program
- Buffalo
- Memphis
- Iowa City
- Salt Lake City

Renal Transplant
- Boston
- Denver
- Hines
- Iowa City
- Kansas City
- Little Rock
- Salt Lake City

Satellite (Self) Dialysis
- Cheyenne

Sickle Cell Screening and Education Program
- Boston
- Charleston, S.C.
- Tuskegee
- Shreveport
- Temple

Spinal Cord Injury Centers
- Bronx
- Cleveland
- East Orange
- Hines
- Long Beach
- Memphis
- Miami
- St. Louis
- West Roxbury
- Wood

14-067 O - 83 - 20

UNIT DOSE DISPENSING OF DRUGS

Question: Are you requesting $2,156,000 and 100 FTEE to convert 14,968 beds to the unit dose system of dispensing drugs. VA claims this system is more cost effective than the conventional ward stock system.

Last year you asked for $6,266,000 and 317 positions to convert some of your pharmacies from the "ward stock" system to the "unit dose" system.

How much money and how many positions did you actually use for this purpose?

Answer: The VA provided funding support for 317 positions in the amount of 6,266,000 for 31 medical centers on February 24, 1982.

Question: How many medical centers were converted?

Answer: The unit dose conversion is in process at 31 facilities.

Question: How much of your system will have been converted by the end of Fiscal Year 1983?

Answer: By the end of FY 1982, the VA will have 88 units representing approximately 39,498 operating beds on unit dose dispensing. Based on the number of FTEE that can be made available in FY 83 we will be able to convert between 3,460 and 14,768 additional beds. We could possibly have as many as 54,000 beds converted by the end of FY 83.

Question: How much more would be left to be done?

Answer: The total operating beds of 80,838 was used as of December 1982 for the program planning base. Based on the number of FTEE that can be made available in FY 83 the VA plans to convert between 3,460 and 14,968 beds. This will leave between 37,880 and 26,372 operating beds to be converted.

MEDICAL AND PROSTHETIC RESEARCH - ADP RESOURCES

Question: You are requesting a $499,000 increase for Medical and Prosthetic Research to fund the transfer of the Smithsonian Scientific Information Exchange (SSIE) and other costs.

What does the Smithsonian Scientific Information Exchange (SSIE) do and why is the VA responsible for these activities?

Answer: The VA is not requesting a $499,000 increase to support Smithsonian Science Information Exchange, Inc. (SSIE) activities. This figure, cited in Vol. II, pp. 5-11, is in support of the entire ADP account for all of VA research and development. Only $100,000 is necessary to support the transferred SSIE activities.

The SSIE served as a clearinghouse for information about research in progress in the life and physical sciences for greater than 1,000 institutions and agencies. In the past, the VA submitted to the SSIE hard copy abstracts (approximately 6,000 per annum) of research in progress by investigators. Upon receipt, the professional staff at SSIE analyzed and indexed the project report into specific research areas according to information contained in the abstract. The report was then entered and stored in the SSIE computer. On a monthly basis the SSIE forwarded to the VA an updated computer tape containing all indexed VA project reports.

The plan of the Executive Office of the President is for the National Technical Information Service (NTIS) to assume the responsibilities formerly assigned to the SSIE on a full cost recovery basis. The new NTIS procedure is for the participating agency to perform the activities of inputting and indexing. The VA does not currently have the capability to input and index VA research abstracts. We are exploring alternative strategies for accomplishing these activities. The estimated cost of procuring these services is $100,000 per annum.

Question: Can VA collect user charges to offset the costs of the SSIE?

Answer: The purposes served by project abstract data makes it impossible for the VA to collect user charges to offset the costs of abstract inputting and indexing. Project abstract data provides factual information required for VA R&D operational and administrative decision making, e.g., evaluating progress of an investigator's research program, relating costs to results obtained to date, and determining future directions for the research and development program. The data also serve as a vehicle for scientific information exchange among VA investigators. Another primary purpose for these data is to respond to the numerous requests, including congressional, for information about VA research and development activities. The nature of these requests usually preclude the VA from providing the requested information on a fee-for-service basis.

Question: To what extent will the SSIE supplant VA's program for the Exchange of Medical Information whose authority expires on September 30, 1982, and is not expected to be extended?

Answer: The VA gathers information about its research in progress on a continuous basis throughout the year. Due to the cessation of operations by the SSIE, we need to acquire resources necessary for analyzing and synthesizing these essential data. The estimated cost of procuring the required services is $100,000 per annum. There is no relationship to the Exchange of Medical Information program.

MEDICAL AND PROSTHETIC RESEARCH

Question: You are requesting approximately $138 million for medical, rehabilitative and health services research. VA claims that its medical research is directed to solutions of problems related to the medical and dental care of veterans. VA also collaborates with other government agencies on investigations into all areas of medical research.

What portion of the $138 million you are requesting for medical and prosthetic research will be spent on research of medical and dental conditions which are unique to veterans?

Give some examples of this type of research for the record?

Answer: There are no medical and dental conditions that are unique to veterans. Medical Research Service spends approximately 85 percent of its funds in support of research on medical and dental conditions that are prevalent among users of the VA medical care system. Examples of research on such prevalent conditions in the veteran population are:

- support of a schizophrenia biological research center at the Bronx VA medical center.

- support of 19 investigators in a special program examining the biological basis of alcoholism.

The entire Rehabilitative Engineering R&D Service budget is primarily related to medical conditions prevalent to veterans. The program conducts research in the high-priority areas of prosthetics and amputation, spinal cord injury, and sensory aids. In addition, the program sponsors research at two Rehabilitative Engineering Research and Development Centers at VAMC Palo Alto, CA, and VAMC Hines, IL. Examples of current funded studies are:

- "Comprehensive Management of Lower Extremity Amputation"

- "Seating System for Body Support and Prevention of Tissue Trauma"

- "An Auditory Prosthesis for Sensory Neural Hearing Loss"

The Health Services Research and Development Service plans to expend 70 percent ($2,057,000) of its FY 83 budget request for investigator-initiated research on problems that have a higher incidence among veteran patients and research and support activities to provide information that is identified by VA managers as needed to help them address problems which should provide cost-savings to the veterans health care delivery system. Examples of research encompassed by these two programs are:

- evaluation of the effectiveness (process and outcome) and the costs of special VA efforts to identify and treat hypertensives as early as possible.

- controlled study of the impact of a specially-designed behavioral medicine program on both physical and psychosocial health.

- analytical review of VA prosthetics services.

- analytical review of the VA bedsizing methodology.

Question: What administrative costs do you incur in running this research program?

Answer: Approximately seven percent of the Veterans Administration's research budget is allotted to the VA medical center for administrative support of the research program.

Question: How many projects will the $138 million support? How does this compare with past years?

Answer:

	Number of Programs		
Service	FY 81	Est. FY 82	Est. FY 83
Medical Research	2,176	1,964	1,964
Health Services R&D	96	85	85
Rehabilitative Engineering R&D	86	63	63

Question: How many researchers will you support in FY 1983? How does this compare with past years?

Answer: Each funded investigator has a project as indicated in the question above although there are some 2,000 projects conducted within the VA which no funding is allotted. The projects require only the investigator's time with no additional resources.

Question: Why are you requesting a 22 percent increase in contracts for the research program -- from $10,699,000 to $13,096,000?

Answer: During FY 1982, a substantial amount of dollars had to be temporarily transferred from other than personnel to personnel to cover salaries and prevent RIF actions. This allowed Research and Development to adjust to the FY 1982 budget reduction in a responsible manner. In doing so, contracts which would have normally been renewed were dropped, i.e., service contracts. In FY 1983, when personnel costs are back to the 70 percent level of previous years, contracts will be initiated again. The increase of FY 1983 over FY 1981 is $1.3 million or an increase of 11 percent over a two-year period.

Question: How much of this request will be spent on problems relating to the aging veteran?

To what extent have you developed cooperative agreements with the National Institute on Aging and other federal agencies sponsoring similar research?

Answer: In Medical Research, approximately $2.5 million will be spent on direct studies of the problems of aging. Studies conducted in the three high priority areas of Rehabilitative Engineering R&D research are prosthetics and amputation, spinal cord injury and sensory aids. The Health Services R&D Service plans to expend $270,000 of its FY 83 budget request on research related specifically to problems of the aging veteran. All reviews of research on aging are done by national experts in this field who routinely scrutinize each proposal for potential duplication with NIA and other federally-funded research studies. VA research staff members are in communication with the NIA and other federal research agencies to minimize duplication of effort. The Director, Rehabilitative Engineering R&D Service, serves as the Administrator of Veterans Affairs' representative on the Interagency Committee on Handicapped Research with representatives of other governmental agencies including National Institutes of Health, National Aeronautics and Space Foundation.

SPINAL CORD INJURY

Question: You are requesting $820,000 and 16 FTEEs to improve Spinal Cord Injury (SCI) independent living centers and home care units.

How many veterans will be able to transfer from spinal cord injury units in hospitals to your home care units and independent living centers?

Answer: Approximately 64. The expansion in hospital-based home care will be able to accommodate 34 patients. The Independent Living Contract Program in transitional housing will care for 15 patients for 6 months each or 30 patients per year.

Question: Will there be a corresponding reduction in the in-patient care costs for SCI patients or will the beds of the transferring patients be filled with new patients.

Answer: There will not be a reduction in inpatient care costs for SCI patients because the beds saved are needed for long-term care. Currently, only 9 percent of the SCI veteran population is over 65 years of age, but over 26 percent of SCI veterans are between ages 55 and 65. Therefore, SCI centers need to plan for long-term care of older, seriously-disabled SCI patients.

AGENT ORANGE PROTOCOL

Question: On October 2, 1981, Mr. Gibbons wrote to the Subcommittee informing us of OTA's review of the protocol for the Epidemiological Study of Agent Orange. In that letter, he states that the protocol lacks "focus and detail and requires additional work".

Could you please comment on this observation by OTA and indicate what, if any thing, the VA intends to do to remedy this situation?

Answer: The initial protocol prepared by UCLA and submitted to the VA on August 6, 1981, was reviewed by the VA and peer review groups, including the Office of Technology Assessment. This review indicated that the protocol was inadequate and was not fully consistent with the original contractual agreement between the VA and UCLA. As a consequence, the protocol was subsequently returned to UCLA for substantial modification on November 25, 1981. Following a 34-day extension for further modification, a revised protocol was provided to the VA on January 25, 1982. This protocol is now undergoing a final review by the VA, Office of Technology Assessment, the VA Advisory Committee on Health-Related Effects of Herbicides and the Science Panel of the interagency Agent Orange Working Group. The results of these reviews will be given to UCLA where the protocol will be modified to include feasible corrections and additions. It will then be reviewed by the three above bodies and by the National Academy of Sciences - National Research Council before being finally accepted or appropriately modified for implementation.

UNIT DOSE

Question: The FY 83 medical care account budget shows a $2.2 million and 100 FTEE increase for the conversion of 14,968 beds to the unit dose system. I'm pleased to see the effort to convert to unit dose being resumed; conversion to this safer, more cost-effective method for dispensing drugs has long been recommended. However, I do have a question regarding the proposal to add just one FTEE for conversion of each 150 beds.

Is the proposed staffing increase of 100 FTEE sufficient to convert nearly 15,000 beds?

Answer: The proposed staffing increase of 100 FTEE is projected to convert approximately 3,460 beds to unit dose dispensing. The equipment request of $2,777,000 is sufficient to convert 14,968 beds. OMB's intent is for the VA to convert as many beds as possible through internal realignment and/or reassignment of unfillable nursing positions. The planned and requested unit dose conversion will be made at a rate commensurate with FTEE availability during the year.

CHAMPVA

Question: You are proposing a decrease of $1,323,000 resulting from a reduction of 3,721 outpatient visits in the Civilian Health and Medical Programs of the VA.

How did you arrive at this reduction?

Answer: CHAMPVA outpatient visits have experienced a gradual decline since 1976. As a result of these past trends, a reduction of 3,721 outpatient visits and 11 census is anticipated for FY 1983. However, in FY 1983 the VA is anticipating a net increase to the CHAMPVA Program which

is a combination of workload decreases and a per diem (inflation) increase. These changes are summarized as follows:

Item	Amount
Workload Decreases	$-1,323,000
Per Diem Increase	+3,276,000
Net Increase	$+1,953,000

Note: The question quotes the wrong amount.

BENEFICIARY TRAVEL

Question: The medical care account reflects a $24 million decrease attributed to a reduction of beneficiary travel payments.

Is it your view that the reduction in payments to achieve those savings can be accomplished through administrative action?

Answer: Based on a careful reading of the language of the provisions of the law authorizing the payment of beneficiary travel and the legislative history surrounding these provisions, it is our opinion that the VA does not have sufficient authority to achieve administratively a $24 million decrease in the payments for this travel.

Travel and incidental expenses under section 111 have long been understood to be an integral facet of "hospital care" and "medical services" as defined in 38 USC 601(5), (6). The legislative history surrounding these benefit provisions and long-standing Agency interpretation agreed to by Congress also confirms this view.

As such, we find no support for denying travel reimbursement to a veteran eligible under section 111 to whom we furnish health care services (except in unusual circumstances where such reimbursement would be medically contraindicated).

Whatever general administrative authority the Administrator may have had in this area has been affected by the mandate in P.L. 96-151 to prescribe regulations to determine whether certain nonservice-connected veterans are unable to defray travel expenses. That law exempted broad classes of veterans from such ability-to-pay-travel-expenses determinations.

While we do consider the imposition of restrictions on beneficiary travel payments identified on page 6-15 of Volume II of VA's budget submission for FY 1983 to be within the Administrator's authority under section 111(e)(2)(A), those restrictions were imposed in FY 1980, following enactment of P.L. 96-151. Based on our recent review of this entire area, it is our view that significant additional savings would require the enactment of legislation.

IRREGULARITIES AT THE VA'S REHABILITATION ENGINEERING CENTER IN NEW YORK

Question: On December 24, 1981, you announced a review of the operating costs associated with the Rehabilitation Engineering Center in New York. This review was triggered by a preliminary report from the VA Inspector General raising serious concerns regarding the effectiveness of nearly $10 million annually in operating costs.

Could you please describe the current status of your investigation into the Rehabilitation Engineering Center?

Answer: Immediately following the preliminary report by the VA Inspector General, interim measures were taken to provide improved management controls over the Center. The final report of audit was completed on February 25, 1982. This report confirmed the preliminary findings of substantive management and operating problems in most functional areas. We are in the process of taking corrective action in response to the final report. This includes the establishment of revised program and operating objectives for the VAREC, improved monitoring of operations and the development of a long-term plan for the Center. Steps have also been taken to ensure a comprehensive budget policy including improved budget forecasting, control and cost analysis. Procedures have been established to revise inventory controls for expendable and non-expendable property and action has been taken to recover government property on loan to contractors.

The problems cited in the report of audit are extensive and require that we improve the operations of every facet of the VAREC. We have identified the problems and are in the process of correcting all deficiencies. However, we recognize that we must move cautiously so as not to interrupt the patient care functions of that facility.

CANTEEN SERVICE ADP RESOURCES

Question: VA is planning to spend about $2.6 million in FY 1982 and 1983 for acquisition and operation of an ADP system for the canteen service.

Will the funds you are requesting to acquire and operate an ADP system for the canteen service be appropriated funds?

If so, will you be reimbursed from the canteen service?

Answer: All funds required for the Canteen Service ADP financial management system will come from the Veterans Canteen Service revolving fund. No appropriated funds are involved.

PROGRAM PLANNING

Question: You are asking for $800,000 and 28 FTEE for the Medical District Initiated Program Planning (MEDIPP) process.

To what extent have district personnel been involved in planning before the MEDIPP process was begun?

Answer: The Medical District staff, which is comprised of a Medical District Coordinator and Staff Assistant, were put in place during the mid-1970s as a staff element to support the Medical District Director in carrying out the VA's regionalization concept. Although the Medical Districts have been involved in some form of planning since the inception of the district concept, their time and efforts have been primarily directed towards day-to-day operational matters involving the facilities within each of the 28 Medical Districts.

Question: Does each district need a separate planner?

Answer: Yes, each district requires a minimum of at least one experienced planner due to the magnitude and complexity of this undertaking.

Question: Can't they achieve efficiencies in other operations to allow them to absorb these additional planning functions?

Answer: The answer to this question is no. The initiative is such that it requires a certain level of expertise and understanding of health care planning that was not previously available. We are placing a major new emphasis on planning at the "grass roots" level that requires additional manpower. A major portion of this effort is being accomplished by our existing manpower at the individual hospital level. Also, we did reprogram certain operating resources in FY 81 and 82 to initiate this program.

Question: When will this program be ready to be applied to your construction budget request?

Answer: The first direct link of the MEDIPP process to the budgeting process, for major and minor construction, is targeted for FY 1985.

FACILITY ACTIVATIONS DURING FY 83

It is my understanding that the activation of the new clinical service and bed building in Albuquerque, New Mexico requires an additional 329 FTEE; at the modernization in Biloxi, Mississippi will require an additional 71 FTEE; that the modernization in Chillicothe, Ohio will require an additional 21 FTEE and that the remodeling in San Francisco, California will require an additional 33 FTEE to maintain these new facilities after the completion of these projects -- is this correct?

Answer: The projects to be activated in FY 83 will improve the delivery of health care and increase hospital efficiency. The additional staffing is necessary for the renovation, remodeling and improvement projects to support new systems (engineering systems such as air conditioning and heating, vertical and horizontal transportation systems, etc.) maintenance of equipment, increased environmental maintenance, and any new or expanded clinical support or sophisticated specialized services. Many of these projects also involve the construction of some additional space and include projected workload increases such as outpatient visits which would require additional staffing.

It is correct that the following FY 83 construction projects will require additional staffing:

> Albuquerque, NM - New Clinical Service and Bed Building - additional 329 FTEE; Biloxi, MS - Modernize Various Buildings (Gulfport and Biloxi Divisions) - additional 71 FTEE; Chillicothe, OH - Modernization of Buildings No. 24, 31, and 35 - additional 21 FTEE; San Francisco, CA -Remodel Buildings No. 2, 4, and 200 for New Functions - additional 33 FTEE.

The increased staff of 329 FTEE at Albuquerque is necessary to support new construction of over 540,000 sq. ft. involving workload increases in average daily patient census and outpatient visits.

The additional 71 FTEE at Biloxi will support the modernization of 10 buildings involving 488,085 sq. ft. and the new construction of over 58,000 sq. ft. The project includes a new laundry and boiler plant and the modernization will provide patient privacy and improvement of systems such as air conditioning.

The increased staff of 21 FTEE at Chillicothe is required for modernization of over 170,000 sq. ft. involving patient privacy, new elevators, air conditioning and expansion of clinical services (outpatient, pharmacy, dental and radiology). The project involved 3,033 sq. ft. of new construction.

San Francisco will require an additional 33 FTEE to support alterations to over 229,000 sq. ft. This project realigns and expands ambulatory care, radiology, laboratory, surgery, social work and other services. Heating and ventilation systems will also be updated in Building No. 2.

SERVICE AND NONSERVICE-CONNECTED PATIENTS

Question: Last month, at the request of the Subcommittee, you provided data showing a breakdown of VA hospital workload between service-connected and non-service-connected patients for FY 81, 82 and 83. An analysis of that data indicates that approximately 71% of the patients treated in each of these years are non-service-connected.

It is my understanding that this data includes veterans only.

Could you provide for the record the number of non-veterans that were or are expected to be treated during each of those years?

Answer:

Inpatient Care	FY 1981	FY 1982 (thru 2/28/82)
Total VA days of care	24,227,387	9,735,776
Average VA Census	66,376	64,475
Nonveteran days of care	103,309	35,717
Average Nonveteran Census	283	236
Nonveteran DOC/APC as % of total	.42%	.36%

Nonveteran care represented less than one-half of one percent of the total VA care provided during all of Fiscal Year 1981 and Fiscal Year 1982 to date (February 28, 1982). The average nonveteran care provided through Fiscal Year 1982 (February 28, 1982) has been running 17 percent less than the average for all of Fiscal Year 1981. Estimates for the total number of nonveterans to be treated during Fiscal Years 1982 and 1983 have not been made.

Outpatient Visits	FY 1982	FY 1982 (thru 2/28/82)
Total Outpatient Visits*	15,267,222	5,955,101
Nonveteran outpatient visits	300,423	114,661
Nonveterans as % of total	1.96%	1.96%

Nonveteran outpatient visits for Fiscal Year 1981 and Fiscal Year 1982 to date (through February 18, 1982) represent approximately 1.9 percent of the total VA outpatient visits (*exclusive of employee health visits). The average monthly nonveteran outpatient visits for Fiscal Year 1982 to date (through February 28, 1982) are 8.4 percent less than the average for Fiscal Year 1981. The average monthly veteran outpatient visits compared for the same periods are 6.3 percent less in Fiscal Year 1982. Estimates for the total number of nonveterans to be treated during Fiscal Years 1982 and 1983 have not been made.

Question: In developing your long range plans for facilities and staffing, have you assumed that the VA will continue to provide patient care for 7 non-service-connected patients for every 3 service-connected patients you treat?

Answer: During Fiscal Year 1982, 29 percent of all veterans who were provided inpatient care had a service-connected disability. This is probably where the 7:3 ratio was identified. Outpatient visits for treatment purposes only (excluding examinations) were 52.5 percent NSC and 47.5 percent SC for the same period, down .8 percent from 1980 for NSC and up .8 percent for SC. In Fiscal Year 1982 (through February 28, 1982), the NSC visits dropped to 51.6 percent and the SC increased to 48.4 percent. However, the total average monthly visits for Fiscal Year 1982 for both categories together are down by 5.4 percent. Generally, projections are based on past trends, and in the absence of any specific policies to alter ratios or trends for the future, we continue to base estimates on past experiences.

Question: Does the VA have any plans to submit legislation, or implement policies that would reduce the proportion of non-service connected patients treated?

Answer: Budget restrictions may reduce overall medical benefits that will be available to veterans. When this occurs, priority will be given to the service-connected veterans. When all demands of service-connected veterans have been met (if this occurs), available remaining funding will be utilized for nonservice-connected veterans. In addition, we are presently developing regulations which will provide a method of determining certain nonservice-connected veterans' inability to defray the cost of medical care. When such regulations and related procedures are developed, they will only be applied to those nonservice-connected veterans who are not exempt from affirming their inability to defray by statute, and may well result in reducing the number of nonservice-connected veterans accepted for treatment.

Question: I notice for your alcohol program that 75 of the approximately 110,000 hospitals visits made, 75% are non-service-connected veterans. Likewise, these non-service-connected veterans in the alcohol program account for approximately 75% of the total costs or an estimated 92.4 million in FY 83.

Does the VA have any plans to either reduce the number of non-service-connected veterans in the alcohol program?

Answer: There are no plans to specifically reduce alcohol treatment for nonservice-connected veterans. The alcohol treatment program will be carried out within budget limitations with priority for care always given to service-connected veterans. When all demands of service-connected veterans have been met, available remaining funding will be utilized in alcohol treatment for nonservice-connected veterans.

SERVICE-CONNECTED CLINIC VISITS

Question: In July your Department of Medicine and Surgery issued a report based on a 1979 survey of outpatient visits. That survey reveals some interesting facts. First of all, 58% of all clinic visits were non-service-connected. In one case -- Drug Dependence -- 97% were non-service-connected.

What are these non-service-connected visits costing the VA annually?

Answer: In FY 1981, the reported number of nonservice-connected disability visits was 9,227,000 with an estimated cost of $591 million.

Question: Do you expect the number of these visits to increase over the next few years?

Answer: Our experience over the next few years will depend on the continuing convergence of several factors, i.e., the prioritization of ourpatient visits under P.L. 94-581, the restrictions on workload due to budgetary restraints and the philosophy of title 38 which states that resources will be made available to others only after service-connected veterans health care needs have been satisfied. Also influencing our future experience will be legislation that creates new priorities, adds new veterans to our eligibility rolls such as occurred with the enactment of P.L. 97-72 for veterans alleging illnesses related to Agent Orange or radiation exposure. We also believe that as Medicare and Medicaid are cut back, there will be increased pressure on our facilities to assume some of that workload.

Question: The staff has been told by the Chief of Service in one of your facilities that because of City budget problems, City run drug dependence clinics are being closed and the VA is now treating many of these patients.

How prevalent is this situation -- could you survey your clinics and report back to the Subcommittee on your findings by May 24, 1982?

Answer: We are aware of this situation. The prevalence of city-run drug dependence clinic closures and degree of impact on our clinics will require a survey which will be accomplished and will be reported to the subcommittee by May 24, 1982.

TREATMENT OF INELIGIBLE PERSONS

Question: In our FY 82 Committee report, we noted that the VA, according to a GAO report, continues to incur substantial costs in the treatment of ineligible persons at VA medical centers. As a result of those GAO findings, the Committee directed the VA to establish a central list of all persons determined to be ineligible for medical benefits and to provide that list, periodically updated, to all VA medical centers.

What has the VA done to comply with this Committee directive?

What estimates can you give us as to the amount of money that might be saved if such ineligible persons are excluded from medical care?

Answer: VA staff has determined the major considerations in developing such a list are:

a. There are more then 35 million veterans' records in BIRLS; however, BIRLS has no records for veterans (approximately 5 million) who have never applied for benefits and who were discharged previous to establishment of the Veterans Assistance Discharge System in 1973.

b. Character of military discharge is the critical element in determining eligibility for benefits. Dishonorable discharges are a bar to VA benefits while "other than honorable" discharges may be a bar to benefits if an adjudicated determination is made that the discharge was under dishonorable conditions. Until such an adjudicative decision has been requested and rendered, the information will not be available in BIRLS.

c. With the information currently available in BIRLS, DVB estimates that approximately 1.5 to 3 million veterans would be identified as ineligible for VA benefits. A listing of these veterans would result in a minimum of 30,000 printed pages or 11 boxes of printed paper per VA medical facility. Such a voluminous product would require considerable clerical hours for research on a specific veteran and still will not necessarily produce a definitive result.

d. The "list of ineligibles," per se, would not include all ineligibles and would not eliminate the need for an adjudicative decision. Adjudicative decisions continually being entered into BIRLS are immediately available by accessing BIRLS; the same data in printed form would be delayed until a new quarterly list of ineligibles was reproduced and distributed to facilities.

Preliminary findings are that compiling, distributing and periodically updating a "list of ineligibles" would not improve present procedures, would be costly and could delay ongoing DVB efforts to update BIRLS. DVB is presently surveying the BIRLS system to establish the actual number of adjudicative decisions available where veterans have been determined ineligible for veterans' benefits. When these statistics are available, the VA will reconsider the feasibility and relevancy of preparing, distributing and periodically updating a list of ineligibles.

Question: What estimates can you give us as to the amount of money that might be saved if such ineligible persons are excluded from medical care?

Answer: a. There would be no savings if a list of ineligibles was provided each VA medical facility since that same information is already available to each facility through BIRLS. There would be considerable cost for preparing, distributing and updating a list of ineligibles.

b. If the VA refused medical care to any person prior to verification of legal eligibility, the VA would realize a cost avoidance, not a saving, of approximately $3,955,548 a year. The GAO Report, "Cost of VA Medical Care to Ineligible Persons is High and Difficult to Recover," dated July 1981, stated that between October 1977 and December 1979, the VA billed ineligible persons for $8.9 million of costs incurred as a result of providing medical care to ineligible persons. On this basis, the cost of care provided ineligible persons is approximately $3,955,548 a year.

c. More realistically, assuming 50 percent of the medical care would be rendered for emergency medical care and medical care would be refused to 50 percent of the applicants prior to verification of legal eligibility, the VA would realize a cost avoidance of $1,977,774 a year.

RECOVERY OF COSTS FOR MEDICAL TREATMENT TO VA EMPLOYEES

Question: On October 26, 1981, you announced the initiation of a collection procedure to recover the costs of medical treatment given free to VA employees who said they couldn't afford private treatment of non-service-connected conditions.

What is your estimate of the number of VA employees who were treated free of charge by the Veterans Administration?

Answer: The Inspector General identified 3,284 VA employees who received hospital treatment for nonservice-connected disabilities during Fiscal Year 1977.

Question: How many of these would you think are eligible for such non-service-connected treatment?

Answer: The Inspector General's audit focused on 3,444 employees who received VA care during Fiscal Year 1977. Two thousand eight hundred nineteen of these did not meet the criteria of an employee who earned in excess of $15,000, had government-sponsored health insurance, and was required by law to affirm his inability to defray the costs of his care. There 2,819 were therefore eligible for free care.

Question: I noticed in your press release that you emphasized that the VA must "clean our own house first". I consider that a commendable first step.

Since the announcement of that effort, how much money has been recovered from these employees?

Answer: To date, approximately $22,000 has been collected.

Question: What procedures does the VA intend to put into place to assure that non-eligible individuals do not receive treatment at the expense of the government?

Answer: We are presently developing regulations which will provide a method of determining certain nonservice-connected veterans' inability to defray the cost of medical care. When such a regulation and related procedures are developed, they will only be applied to those nonservice-connected veterans including VA employees who are not exempt from affirming their inability to defray by statute.

DUPLICATE MEDICAL PAYMENTS BY VA AND MEDICARE PROGRAMS

Question: In previous hearings we have discussed the problem of duplicate payments for medical services between VA and Medicare. Because some veterans are eligible for more than one Federal health care program, a hospital's or physician's services may be paid for more than once.

What is the status of the coordination effort between the VA and the Department of Health and Human Services for processing claims to prevent duplicate payments?

Answer: Procedures for extracting identifying information from VA's Veterans Master File, veterans authorized fee-basis outpatient medical services should be in place by March 31, 1982. This information will be used by HCFA (Health Care Financing Administration) to annotate records of their beneficiaries to identify those with dual Medicare, VA fee medical eligibility. Medicare claims submitted by such beneficiaries will be reviewed by HCFA's intermediaries to prevent duplicate payments. Information is still required from the HCFA for VA to determine if OMB guidelines for matching projects will be met. Extracts from the VA Fee-Basis Veterans Master File will be provided monthly to HCFA, once the determination of compliance with OMB matching guidelines is made and notice of VA's intent to provide that information to HCFA is published in the Federal Register. As of January 29, 1982, transmittal of the information to determine compliance with OMB guidelines for matching projects was awaiting the signature of the Secretary of the Department of Health and Human Services.

VA PODIATRIC SERVICE

Question: What has the VA done to implement P.L. 94-581's recommendation relative to new podiatry hires?

Answer: In 1977 30 new hires for podiatry were established and in 1981 15 new hires were established.

Question: How many VA hospitals have requested Central Office assistance in helping them to organize and fund podiatry programs?

Answer: Since first contacted in 1977 on the matter of new podiatry positions, VA Central Office Podiatric Service has received in excess of 90 requests from VA Medical Centers for podiatry positions.

Question: How many podiatric residents has the VA actually trained since the enactment of P.L. 94-581?

Answer: One hundred fifty-eight podiatric residents have been trained since the enactment of P.L. 94-581.

Question: How many of these residents has the VA kept in the system following their postgraduate training?

Answer: Ten residents have remained in the system following training.

Question: Why isn't the VA retaining more podiatrists?

Answer: Funding has not been available to all podiatric resident graduates who desire VA employment.

VA DENTAL CLINIC PRODUCTIVITY

Question: Both the National Academy of Sciences and the General Accounting Office have recommended ways to increase the productivity of VA dental clinics, including (1) increased use of dental hygienists and assistants, (2) increased use of two-chair dentistry, (3) use of clerical personnel to perform administrative duties that were being performed by dentists, and (4) reducing the number of broken appointments. What specific actions has VA taken to implement the NAS and GAO recommendations?

Answer: Items (1), (2) and (3) in the above recommendation require commitment of resources to provide additional space equipment and/or manpower. Due to the current services level of funding, budgetary requests to implement the GAO and NAS recommendations did not reach a high enough priority level to receive funding support. Nevertheless, improvements in these areas have been achieved at some individual facilities and every effort will be made to expand these gains throughout the Department.

Concerning item (4), the adoption of effective reminder systems to minimize the number of broken appointments has been strongly emphasized through a combination of teleconferences, regional meetings, and Departmental publications. Inclusion of a "standard" by which to measure this problem will be included in the next revision of the Department's "Health System Review Organization Manual." This will insure that each Dental SERP reviewer will evaluate the percentage of broken appointments, and identify those facilities where a problem persists.

Despite these problems, overall dental productivity, as evidenced by the data on "cases completed" per 100 mandays of dental staff, has increased during the past five years. This increase has been affected in spite of the many constraints in the number of auxiliary personnel and dental operatories. Using 1976 as the base year, the increase in overall productivity has ranged from 18 percent to 21 percent annually. Not only has there been a percentage increase in the absolute numbers of these cases of 111 percent, but also in the numbers of cases completed per 100 mandays of staff. The overall increase in actual productivity from 1976 to 1981 was 89 percent. Moreover, there has been an increase annually over the number of these cases completed in each prior year. It is anticipated that there will be a continuation of these increases during 1982.

Question: Why isn't the VA moving faster to hire dental hygienists and assistants?

Answer: Specific budget requests for these types of personnel have not been made because of the need to control government spending. Individual field facilities recognizing the need for such personnel as part of their overall mission have and will be expected to provide for additional dental hygienists and assistants within their total employment ceiling.

Question: How many VA dentists devote less than 50 percent of their time to direct patient care?

Answer: Although the precise answer to this question is not currently available, methodology is under development which will supply the needed data. As part of staffing/productivity methods now nearing completion, it will be possible to determine for each VA dentist the proportion of that dentist's time spent in direct patient care.

Question: Could their patient care time be increased by using clerical personnel to perform some of their administrative duties?

Answer: Yes, there is no doubt that assignment of appropriately qualified administrative or clerical personnel could increase time available for direct patient care. This is not always the case, because each

individual health care facility must carefully allocate personnel resources where they perceive the greatest need.

Questions: Your budget submission provides for an increase of nine dentists for fiscal year 1983.

Do you also plan increases in the number of hygienists and dental assistants.

Why would it not be wiser to increase the number of support personnel rather than the number of dentists?

Answers: These nine dentists represent dentists to be provided as activation staffs for new outpatient clinics or new or expanded facilities resulting from construction projects. These dentists are to be complemented by auxiliary support personnel (dental assistants, hygienists, laboratory technicians and clerical personnel). These auxiliaries are not specifically designated in the budget by specific occupations but are included as overall additional FTE. Under no circumstances are increases made in the number of dentists without consideration of the need for appropriate support personnel such as assistants and hygienists.

Question: What is the VA doing to assure that service-connected veterans are not denied treatment because of nonservice-connected patients?

Answer: Service-connected veterans were never denied treatment because of treatment provided to nonservice-connected patients. What the VA and the GAO are concerned about is the number of service-connected outpatients being treated on a fee-basis by private practitioners rather than by VA staff. To ensure that all possible outpatients in these categories are treated by VA staff, the following actions have been taken:

- A directive was issued which states: "In given situations where similar treatment needs and limited resources prevail, beneficiaries with SC conditions will be given priority over nonservice-connected beneficiaries."

- A conference call was conducted by the ACMD for Dentistry to all Chiefs, Dental Service, on November 16, 1981, at which time the high priority for care of the SC outpatient was strongly emphasized.

- A conference call by the ACMD for Dentistry on January 15, 1982, to top Management at all VAMCs emphasized their role in reducing fee-dental costs and clarified certain aspects of the VA dental mission.

14-067 O - 83 - 21

- Circular 10-82-21 was published February 19, 1982, reemphasizing the guidelines for provision of dental care established in the Manual M-4, "Dentistry," dated June 6, 1980.

- A new Dental Index Card demands documentation of the circumstances that permitted authorization of dental care for nonservice-connected dental conditions while the veteran was an inpatient and if completion of treatment as an outpatient is necessary in relation to the medical problem for which it was prescribed. This documentation will permit rapid retrospective audit of the types of inpatients receiving dental care and those authorized continuation on an outpatient basis.

- Continued emphasis, monitoring, and guidance from VACO will ensure that veterans with SC dental entitlement are given appropriate priority for timely care, consistent with geographical accessibility and available resources.

Question: What policies are you implementing to establish uniform criteria for Geographical Inaccessibility?

Answer: The Department is currently developing an Interim Issue which will be published as a change to M-1, Part I, Chapter 19, "Outpatient Dental Treatment."

OPTOMETRIST PROGRAM

Question: How many optometrists has the VA hired since 1979?

Answer: The VA has hired 21 optometrists since FY 79, and is in the process of recruiting for 4 additional optometrists.

Question: How many optometrists were hired in FY 80 and FY 81?

Answer: None were hired in FY 80. Nineteen optometrists were hired in FY 81.

Question: How many optometrists does the VA plan to hire during FY 82 and FY 83?

Answer: Except for the 4 optometrists who are currently being recruited, Central Office has no plans to allocate additional earmarked ceiling to hire optometrists during either FY 82 or FY 83. This does not preclude individual facilities from hiring additional optometrists from within their total employment ceiling if both the need exists and the resources are available.

PATIENT SATISFACTION SURVEY

Question: Please describe for the record the results of your 1980 patient satisfaction survey in comparison with your 1978 survey.

Answer: The results of both the 1980 and 1978 survey indicate that, with but two exceptions, patients' opinions of the health care delivered by VA is highly favorable. The survey includes both inpatients and outpatients, is conducted on scientifically-selected random samples of patients at each medical care facility, and stringently guards the anonymity of each respondent. In the 1980 survey, responses were obtained from a total of over 75,000 patients.

Outpatients are highly satisfied with all areas measured by the survey. Over 90 percent are satisfied with the attitudes of VA personnel and the clinic environment and over 80 percent with the quality of health care received, the manner in which it is delivered, and waiting. There is no area where satisfaction is below 80 percent. Over 90 percent of hospitalized patients are satisfied with their nursing care, the attitudes of VA personnel, and the cleanliness of VA facilities. Physician care and hospital food are given favorable ratings by over 80 percent of VA patients. About one of every three patients feels that the admission process involved too much waiting. The area of the lowest satisfaction, below 50 percent, is the amount of time direct care providers spend listening to and talking with patients. Problems in these two areas, waiting and time spent with patients, are not unique to the VA. They exist to a similar, if not greater, extent in all U.S. health care. When VA survey results are compared to similar surveys of national representative and other samples, VA patients are found to be at least as satisfied and in some areas considerably more satisfied.

Comparing the 1980 survey results with those of 1978 for hospitalized patients in the system as a whole, there were no significant differences between the two years. Of the 12 components of satisfaction there was only one that changed by one percent, the others did not change that much. There was no decrease in satisfaction for any of the six components of the outpatient survey, and for two, being treated well by all personnel and waiting, there was a two percent increase. Considering the high satisfaction that existed in these areas in 1978, the achievement of even-higher patient satisfaction in 1980 is noteworthy.

CONSTRUCTION AT CHILLICOTHE, OHIO

Question: You have requested, in connection with the modernization of certain buildings at the VAMC in Chillicothe, Ohio, an appropriation of $2.7 million. This is in addition to the appropriation of $13.7 million enacted by the Congress for this project in Fiscal Year 1981, at which time, the entire cost of the modernization project was estimated to be $13.7 million. What is the justification for this additional request?

Answer: Additional funds in the amount of $2.7 million were requested for the modernization of certain buildings at VAMC Chillicothe, Ohio, to allow for escalation costs created by the two-year deferral of the construction award.

MAJOR CONSTRUCTION APPROPRIATION

Question: Although your request for the Major construction appropriation totals about $452 million, you are only requesting $419.4 million. The difference is reprogramming from prior appro-

priations. How much is available from prior years' appropriations in total? Why will these funds become available? Please justify the need to retain these funds beyond the current year.

Answer: The Major Working Reserve is a program balance in the Major Appropriation which accumulates dollars from project cancellations, project completions, and project savings, based on favorable construction bids. In addition to the $32.7 million applied against the FY 1983 request, there remains a balance of $23,793,000 in the reserve. All cost increases and reprogrammings in the Major Appropriation are funded from the reserve.

The FY 1982 reserve balance was $17.3 million. The amounts of the "ins and outs" of the reserve follow:

		($ in millions)
FY 1982 Balance		$17.3
Plus: Project cancellations (6 projects)	$ 1.6	
Project completions (22 projects)	1.3	
Low bid savings (44 projects)	42.4	
		+$45.3
Less: Cost Limit Increases (14 projects)	$ 1.7	
Congressional reprogrammings (2 projects)	1.6	
FY 1982 budget cut	2.8	
FY 1983 budget offset	32.7	
		-$38.8
FY 1983 Working Reserve Balance		$23.8

These funds must be maintained beyond the year in which they are made available to assure an adequate balance exists from which to fund unexpected needs. On a total Major Program value of $3.8 billion, a reserve of $23.8 million or 0.6% does not seem unreasonable.

VA NURSING HOME CONSTRUCTION

Question: You are asking for $35,450,000 for four (4) new nursing homes. How many of these are for replacement and how many are new homes? How many VA nursing home beds do you now have? What is your projected need for the next five years? How many nursing home beds do you plan on replacing, adding to the system and what are your projected costs for the same period? How do you determine when to add a new home and where it should be located in the system?

Answer: All four nursing home care units requested in the FY 1983 budget are for the construction of new units.

The total number of VA nursing home care beds in operation is 9,085 beds. The VA presently has 11,247 beds authorized through FY 1982, which means that 2,162 beds are in various stages of construction.

The breakdown of planned nursing home bed construction for the next three years is as follows. Those sites identified as "net___" represent sites where existing beds will be renovated and new beds will be added. The one conversion project is identified as such. The current planning strategy is to have 13,100 beds in operation by

FY 1987. To reach this goal construction on the remaining units must begin by FY 1985. Construction plans for nursing home care beds after FY 1985 are currently being formulated.

Planned Construction

FY 1983		FY 1984		
Boise	60	Lyons	120	
Hines	120	Martinez	120	
San Antonio	120	Minneapolis	120	
St. Louis	60	Northport	120	
	360	San Francisco	120	
		Miami	120	
		LA (Wadsworth)	120	(Conversion)
		E. Orange	120	
		Houston	120	(net 42)
		Loma Linda	60	
		Murfreesboro	120	(net 72)
		Providence	60	
		San Juan	60	
			1,380	(net 1,254)

FY 1985		
Albuquerque	60	(net 13)
Allen Park	120	(net 48)
Durham	60	
Hot Springs	60	
LA (Brentwood)	120	
Philadelphia	120	
Prescott	60	
Shreveport	60	
	660	(net 541)

The project cost of the above construction, including the FY 1983 request, is approximately $251,450,000.

ADVANCED PLANNING FUND TO COVER FINAL DESIGN WORK

Question: In a December 30, 1981, report to the Chairman of the Hospitals and Health Care Subcommittee of the House Veterans' Affairs Committee, GAO suggested that the Congress consider allowing VA to extend the Advanced Planning Fund to cover final design work. GAO concluded that this would shorten the design and construction process and thus reduce the effects of inflation on project costs. For projects in VA's FY 1983 Major construction budget which have not received a great deal of prior funding, the time between the completion of preliminary plans and the beginning of the fiscal year (the earliest VA could obligate funds) averages 22.7 months. GAO has suggested that the Congress should allow you to extend your Advanced Planning Fund to cover final design work. This would shorten the design and construction process. What is your reaction to GAO's suggestion? Do you plan to request the change in authorization language necessary to extend the Advance Planning Fund?

Answer: GAO's findings on the design funding issue are presently under consideration within the Agency; however, a final position on the issue has not yet been developed. If the design fund is supported by the Agency, coordination with OMB will be required prior to an actual request for funding.

PROJECT COMBINATIONS/CANCELLATIONS

Question: In your discussion of Major construction project combinations/cancellations, you claim that cost savings result from these actions. Please explain what cost savings were realized when the Denver, Colorado, project estimated to cost $47,908,000 now is expected to cost $64 million; the North Chicago, Illinois, project which was $4,981,000 now is $7,682,000; and the Palo Alto, California, project was $20,043,000 and now is $23,943,000?

Answer: The Denver project was originally proposed for $58.1 million in the FY 1982 budget, but was deferred until FY 1983. The increase from $47.9 million to $58.1 million resulted from $6.5 million inflation costs for one year, $2.2 million for a problem encountered in the structural/mechanical and electrical systems, and $1.5 million for additional fire and safety work, as well as escalation on that portion. The increase from $58.1 million to $64 million is due entirely to inflation costs resulting from the deferral.

The North Chicago project combines an original FY 1976 Quality of Care project with a fire alarm system. The increase is for escalation.

The increase in the Palo Alto, California, project from $20,043,000 to $23,943,000 is also due entirely to the deferral.

NURSING HOME PROGRAM

Question: During the FY 1982 hearings, the VA stated that they planned to have 13,100 nursing home beds by 1987. The estimated total construction cost was $310 million. What progress have you made in reaching this goal? What are the current projected total costs and the cost per bed compared to your FY 1982 estimates?

NURSING HOME PROGRAM

Answer: Currently, the VA has 9,085 nursing home care beds in operation. The VA presently has 11,247 beds authorized through FY 1982, which means that 2,162 beds are in various stages of construction.

To reach the goal of 13,100 beds in operation by FY 1987 will require construction of 2,400 NHC beds (net 2,155 new beds) in FY 1983 - FY 1985, at an estimated cost of $251,450,000. This estimated cost includes the $35,450,000 requested in FY 1983.

The basic costs for the FY 1983 projects are consistent with the FY 1982 estimates adjusted for inflation. The FY 1982 average cost-per-bed is $82,950; and for FY 1983, it is $98,500. The average FY 1983 cost-per-bed is higher than the FY 1982 projection because the FY 1983 average includes the St. Louis project which is an addition to an existing nursing home and includes, in addition to 1-year's escalation, some unusual costs for alterations of existing space and provision for dining facilities to serve both existing and new beds. The cost projections for FY 1984 and FY 1985 are based on the FY 1982 costs plus inflation.

VAMC SAN FRANCISCO REMODELING PROJECT

Question: Funds were first provided for this project in FY 1977. At that time, $1,350,000 was appropriated and the total cost of the project was estimated to be $13,500,000. You are now estimating that the total cost will be $33.4 million -- an increase of $19.9 million or 247 percent. This estimate is up $5.5 million or 17% since FY 1982. Why has the cost of this project increased so much in five years? In the past year?

Answer: The cost of the project has increased due to the requirement of seismic hardening of Building No. 2, Fire and Safety Improvements of Buildings 2, 4 and 200, and inflation. Inflation added $9.4 million and the other requirements $10.5 million. The FY 1983 budget of $33.4 million is up $5.5 million from the FY 1981 budget of $27.9 million and not from the FY 1982 budget of $30.5 million.

VAMC ALBUQUERQUE CONSTRUCTION

Question: VA is replacing a major part of its facilities at the Albuquerque medical center at an estimated cost of $115 million. The Congress has already provided $11.5 million and VA is requesting the remaining $103.5 million in FY 1983. The justification indicates that the center currently offers 451 beds, that the new construction will result in only 380 beds; and that the center's projected workload for 1990 is 550 beds. VA's internal summary of medical programs reports for FY 1977 and 1981 indicates that use of beds at Albuquerque has been declining and that currently the center has 339 average operating beds. Based on this data, why are you projecting such a substantial increase in the use of beds by 1990? How many of the patients treated at the Albuquerque medical center are now treated for non-service-connected disabilities and how many have you projected in 1990?

VAMC ALBUQUERQUE CONSTRUCTION

Answer: The new facility at Albuquerque is being programmed at 445 hospital and 60 NHC beds for a total of 505 beds. In the background information section, a figure of 550 beds is mentioned. Apparently this is a typographical error. The number of hospital beds for the new facility is based on the GAO bed sizing model.

The average number of operating beds and the average daily census have been declining throughout the VA System. The major reason for this is the loss of beds due to an updating of facilities through a series of Fire and Safety/Patient Privacy projects. VAMC Albuquerque has experienced the same reductions for the same reasons.

The 1990 projected increase in beds for VAMC Albuquerque is based on a large increase in the number of aged veterans who utilize health services to a much higher degree than their younger counterparts. The age group of 65 and over will have substantially increased by the year 1990.

In FY 1981 the number of patients treated at VAMC Albuquerque were:

C&P Status	Number	Percentage
Service Connected	2,793	43.0
Non-service-Connected With Pension	1,202	18.5
Non-service-Connected Without Pension	2,502	38.5
Total	6,497	100.0

Assuming no change in current usage and/or no changes in law or policy, the same percentage of non-service-connected treatments would result in 1990.

VAMC BAY PINES CONSTRUCTION

Question: VA is requesting another $2 million for the Bay Pines replacement hospital project. The money would be for structural repairs to Building No. 1. What will this building be used for when the new hospital is opened? What effect will the additional work have on the estimated opening of the new hospital?

Answer: Building No. 1 is currently occupied by surgical patients and administrative functions at the Bay Pines medical center. It will be vacated upon completion and activation of the new 520-bed replacement hospital, Building No. 100. Building No. 1 is to be remodeled for 150 psychiatric patients and canteen service. Upon completion, the psychiatric patients and canteen service will move from existing Building Nos. 2, 36 and T78. There will be no delay in the completion of the 520-Bed Replacement Hospital as a result of this action.

VAMC BIRMINGHAM CONSTRUCTION

Question: VA's justification for the major construction work proposed for the VAMC at Birmingham, Alabama, indicates that the 506 beds currently available will be reduced to 417 and that the remodeled center will have 30 psychiatric beds vs. none in the existing center. According to the September Summary of Medical Programs Report, Birmingham VAMC had 398 average operating beds for which the average daily census was 296 or 74.4%. In view of the less than optimum utilization of existing beds now, how do you justify expanding the number of available beds from 398 to 417? Why are you planning to add psychiatric beds at the Birmingham VAMC?

Answer: The expanded 1990 operating bed level for VAMC Birmingham results primarily from the addition of 30 blind rehabilitation beds and 30 acute psychiatric beds not presently operating at the facility. Acute medical and surgical bed sections will be reduced from present levels. The changes noted above, based on results of a study utilizing the VA/GAO bed sizing model, have been planned to meet the needs of the aging veterans within Birmingham's Primary Service Area.

Psychiatric beds are required at Birmingham to provide acute psychiatric and alcohol detox care not presently available at the facility. At present, veterans requiring this care must be referred to other VA medical centers in District 10 or to limited community facilities.

VAMC CHICAGO (WEST SIDE) MAJOR CONSTRUCTION

Question: VA is requesting $45 million to building a new outpatient addition and to renovate two buildings at the Chicago (West Side) VA medical center. VA has justified the need for a separate outpatient building on the basis of the number of outpatient visits and the current overcrowding of the existing facilities. How many of the current 193,584 outpatient visits are for treatment of non-service-connected disabilities? How many of the 250,000 projected visits are for treatment of non-service-connected disabilities? Would you need to build a new facility to provide outpatient treatment only to veterans for their service-connected disabilities and how much would that facility cost?

Answer: Of the current 193,584 outpatient visits, about 67.8% or 131,250 are for treatment of non-service-connected disabilities. Assuming no change in current usage and/or no changes in law or policy, the same percentage for non-service-connected would result. The number of non-service-connected visits on this basis would be 169,500.

There are 29 existing exam rooms that do not meet JCAH Standards and support services are not properly aligned. The entire outpatient area is also functionally deficient. Therefore, new construction or major renovation would be required to correct these deficiencies and relieve congestion in the main hospital building. It appears that there is enough existing space, in spite of its current service-connected workload. However, further study would be required to verify this conclusion and determine the cost.

VAMC FARGO CONSTRUCTION

Question: VA has requested $20,363,000 for a clinical addition to the Fargo, North Dakota, medical center. In the five-year plan for FY 1980-1984 and FY 1981-1985, you planned to build a clinical addition to the Fargo VAMC of obviously smaller scope than you now propose. The estimated cost of the project was $5,767,000 and $6,400,000. Can you specify the changes in the scope of the project which have been made since the project was planned in FY 1980? One of the local health planning agencies to which you presented your plans for this project for comment claimed that the project would duplicate health services. How do you respond to that criticism? What local services are available?

The existing facility had 67 surgical beds. In FY 1981, the average daily census for these beds was only 36, or a bed occupancy rate of 53.7%. Your justification for the project includes a new surgical service. How many surgical beds are planned for the new addition? How did you determine the number of surgical beds? Did you follow the procedure for estimating the nubmer of surgical suites suggested by GAO in its report: "Better Guidelines Could Reduce VA's Planned Cosntruction of Costly Operating Rooms," March 3, 1981?

Answer: The estimate of $6.4 million made in 1977 was based on a preliminary estimate of GSF needed. The scope was not developed until 1979 - 1980. The increase in the cost estimates was influenced by two factors, - the increase in the unit cost of construction and the inclusion of a basement, a six-bed MICU, six-

bed SICU, clinical cardiology and pharmakinetic laboratory. Since this development, the scope of the project has not been changed.

The Fourth Planning and Development District, South Dakota, raised concern that the project would result in duplication of health services and increased medical costs. This project will not duplicate services within the community nor increase medical costs since the project does not introduce new medical programs nor does it increase acute or intermediate beds. This project will only correct space and functional deficiencies at the VA medical center.

The other planning groups contacted; i.e., North Dakota State Planning Division, South Dakota State Planning Bureau, and Fifth District Planning and Development Commission gave clearance or offered no comment.

There are no new surgical ward beds in this prpject. The project does include a six-bed surgical intensive care unit as well as a new operating suite and surgical administration

VAMC HINES CONSTRUCTION

Question: VA is requesting almost $11 million to add a second floor (120 beds) to the nursing home care unit being constructed at the Hines, Illinois, medical center. Why wasn't the urgent need for these additional beds recognized when the original project was presented? How was the need for 447 beds by 1987 calculated? Does this represent the total need or just that portion which VA intends to meet through its own facilities? How many beds will you acquire through your contracts with community nursing homes or State homes?

VAMC HINES CONSTRUCTION

Answer: The need for additional nursing home care beds in Medical District No. 17 (the four Chicago area VA medical centers) was a recognized need at the time the decision was made to construct a 120-bed nursing home care unit at VAMC Hines, Illinois. Subsequently, it was decided to construct an additional 120-bed unit at VAMC Hines and provisions were made to assure that the first 120-bed unit could support a second floor to accommodate the second unit. In that 190 nursing home care beds are currently in operation at VAMC North Chicago, the placing of an additional 120 nursing home care beds at VAMC Hines was a logical choice.

Senate Print No. 12, dated 1/5/78, A Report on the Aging Veteran, includes the methodology used to project future veteran NHC overall requirements; the percentage (20%) of that overall need VA should assume; and how VA plans to meet that requirement; i.e., 40% VA beds, 40% community beds, and 20% state beds. The systemwide VA NHC requirement has been distributed to each medical district based on veteran population projections and utilization rates by age groups; i.e., under 65, 65-74, 75-85, etc. Based on this methodology, Medical District No. 17's share for VA NHC beds is 477 beds in 1987. This need represents the portion which the VA intends to meet through its own facilities.

At the present time, no state nursing homes are specified to provide nursing home care to veterans residing in the Chicago area. However, the VA is planning to fund its share in FY 1984 for the

construction of a 300-bed state nursing home care facility in Manteno, Illinois, approximately 45 miles south of Chicago. The number of veterans which will be referred to this facility is unknown at this time.

The VA takes the position that community nursing homes will be used to care for up to 40% of the overall nursing home care needs of a medical district. It must be noted that community nursing homes are used as a variable to handle the emergent needs for nursing home care as they occur.

VAMC PITTSBURGH (UNIVERSITY DRIVE) CONSTRUCTION

Question: VA is requesting $2,520,000 in FY 1983 as the initial appropriation for a $25.2 million outpatient addition to the Pittsburgh (University Drive) VAMC. VA justifies the construction because the existing outpatient clinic and ancillary services are in critical need of expansion and functional realignment given current workloads. An internal report lists 60% of the workload was for the treatment of non-service-connected disabilities. VA projects a workload of 130,200 visits by 1990. How many of these projected visits are for treatment of non-service-connected disabilities? Is the existing space adequate to provide outpatient care for the service-connected patients? If not, how much would be required to provide a facility to serve them? What other outpatient services are available in the Pittsburgh area for non-service-connected veterans who may not be seen by the VA clinic?

VAMC PITTSBURGH (UNIVERSITY DRIVE) CONSTRUCTION

Answer: The percentage of visits is the same as that currently experienced; i.e., 60 percent.

The existing space at VAMC Pittsburgh (UD), Pennsylvania, is adequate to provide outpatient care if only service-connected patients were to be treated. The existing space is not adequate to provide outpatient care for the service and non-service-connected patients currently served. Existing outpatient space is crowded at present and this crowding will be exacerbated in the future when outpatient workload will increase due, not only to increases at the University Drive site, but also to the projected consolidation of Pittsburgh Federal Building outpatient workload at the University Drive site.

The local Pittsburgh Health System Agency has acknowledged that there is a shortage of ambulatory care clinics in the Pittsburgh area. Besides VA facilities, the University of Pittsburgh School of Medicine Salk Clinic accepts non-service-connected veterans under Medicaid and Medicare. Also, several public health facilities are available on an emergency basis.

COST OF MEDICAL FACILITY CONSTRUCTION

Question: In December, GAO issued a report highlighting several problems with the VA's construction program. In particular, GAO notes that the time it takes to complete medical facility construction projects could be reduced up to 15 months by extending the Advanced Planning Fund to allow VA to contract for final designs while the Congress reviews the projects. While recommending this as a potential cost savings device, GAO notes that whether this change

should be made rests largely on the confidence the Subcommittee has in VA's ability to identify and prioritize its construction requirements. I certainly would agree with this latter assessment. In the course of reviewing your construction priority system, could you please study the potential impact of such a change to initiate design funding and report back to the Committee on your findings?

In their review, GAO also found that the VA frequently changes the scope of design and construction contracts. For example, the 10 architectural/engineering contracts reviewed by GAO had a total of 198 changes, which increased the costs of these projects by 18.8%. They further found that design completions slipped on nine of these contracts, averaging 9.6 months per contract and that 1,847 changes were made in 11 construction contracts. As a part of reviewing your construction program, could you please report back to this Committee by February 1, 1983, as to what measures you intend to implement to reduce the number of change orders and, consequently, the cost growth of these construction projects?

Answer: VA is presently reviewing the design funding issue raised in the GAO report. The Committee will be advised of the impact of the proposed extension of the APF at the conclusion of the construction priority system study.

VA wishes to point out that, in its view, the GAO analysis may be somewhat distorted in that one very large programmatic change made to the Los Angeles project during construction with the full

COST OF MEDICAL FACILITY CONSTRUCTION

advice and consent of the Congress, skews the analysis. This programmatic change distorts the total contingency percentage in a way that is not reflective of normal VA contingency experience in the Major program. Current studies and analyses indicate that Major projects are being accomplished well within long-established contingency allowances of 5% for new work and 7½% for alteration work. It should be further added that good statistical practice will suggest even on the very small sample studied by GAO that both the high and the low data elements be discarded before conclusions are reached. If this were done, the indicated increase in original contract price would be 4.8% which is certainly consistent with our total program experience. As requested, the Committee will be informed by February 1, 1983, regarding change order reduction.

ENVIRONMENTAL IMPACT STATEMENTS

Question: Last September, you submitted to the Subcommittee a final version of your EIS on the proposed rehabilitation, engineering and outpatient clinic at the VA's medical center in New York. Now I have no particular problem with the New York facility, but I do have some question about the content of the EIS. In particular, the EIS does not contain any quantification as to the cost or benefits associated with each of the four (4) alternatives considered. In addition, no serious consideration was given to the "no build" alternative. It is obvious from the one paragraph devoted to this alternative that the VA has determined that it would construct a new facility before performing the EIS.

As the new Administrator of the Veterans Administration, what do you intend to do to assure that future EIS has adequately addressed the costs and benefits of the various alternatives and that serious consideration be given to the "no build" alternative in those cases where the patient workload would not justify a new facility or existing facilities could meet the expected demand?

Answer: An Environmental Impact Statement (EIS) is prepared in the very early stage of project development and is mandated to contain a discussion of the potential environmental impacts associated with the various proposed alternatives on the human environment. The "no action" alternative is discussed in this same manner; its potential environmental implications. The human environment is interpreted to include the natural and physical environment and the relationship of people with that environment (National Environmental Policy Act Regulations, 40 CFR Part 1508.14). An EIS by itself is not meant as a cost-benefit analysis except for the area of environmental costs and benefits of a given action (40 CFR Part 1502.23). A cost-benefit analysis may be appended or included by reference as an aid to evaluate the environmental consequences.

The Agency combines the EIS, in the form of an environmental summary, with other pertinent data generated by Agency's various departments and offices to assemble the Record of Decision (40 CFR Part 1505.2). Within this decision package the Agency must balance the costs (environmental costs and project development costs) with the benefits gained by the Agency or a program administered by the Agency (i.e., health care delivery). All relevant factors must be identified and discussed in comparing the various alternatives and arriving at the decision.

NATIONAL INSTITUTE OF BUILDING SCIENCES

Question: In our FY 1982 Committee report, we asked VA to cooperate with the National Institute of Building Sciences in a study aimed at establishing energy-efficient options for building design and operation. Have you entered into such a contractual arrangement with NIBS? What do you intend to do to respond to this direction from the Committee?

Answer: A contract with NIBS to perform work they have discussed with us toward updating the DOE computer software energy analysis known as BEPS (Building Energy Performance Standards) is scheduled for late June 1982. Energy usage data from VA hospital operations would be gathered and programmed into the BEPS under this proposal.

CONSTRUCTION - MINOR PROJECTS

Question: During FY 1981, you had $108,908,000 for your construction - Minor projects program. In FY 1982, we provided $102,010,000 for this program. This year you are requesting $192,113,000. How do you justify an increase of 88% from the FY 1982 level?

Answer: We view the Minor construction program as a critical element in our effort to overcome the growing backlog of deficiencies in VA facilities. The program provides funding for projects in the cost range of $100,000 to $2,000,000, and is used to correct

deficiencies and make improvements in areas which do not require major construction. These include patient ward modernization to afford necessary privacy; correction of violations of safety, fire and electrical codes; clinical improvements; modernization of support areas, such as dietetic, warehouse, canteen and laundry services, elevators, etc.

Questions Submitted by Senator Proxmire

DRUG DEPENDENCY TREATMENT STANDARDS

Question: The GAO took a look at your drug dependency treatment program at my request and found that facilities in Albany, the Bronx, Chicago, Indianapolis, and St. Louis had been underutilized for the 3 1/2 year period ending on September 30, 1981. Why haven't these facilities been closed?

Answer: The total closure of needed treatment services is not ordinarily accomplished prior to the employment of Central Office program management activities, such as issuance of warning letters requiring detailed accounting of local initiatives for service, and the withdrawal of the underutilized specialized staff and budget. In that regard, the following corrective reductions in resources have been implemented:

Albany:
- Effective October 1, 1979:
  - inpatient unit reduced by 3 beds
  - 1.0 FTEE plus budget: withdrawn
- Effective October 1, 1980:
  - 1.0 FTEE plus budget: withdrawn
- Effective October 1, 1981:
  - 1.0 FTEE plus budget: withdrawn
- Effective October 1, 1982:
  - 2.0 FTEE plus budget, to be withdrawn
  - Specialized drug dependence treatment program to be terminated

Bronx:
- Effective October 1, 1979:
  - residential unit reduced from 33 beds to 12 beds
  - 10 FTEE plus budget: withdrawn
- Effective October 1, 1980:
  - 12 bed residential unit: terminated
  - 3.0 FTEE plus budget: withdrawn

North Chicago:
- Effective January 15, 1977:
  - exception granted to requirement for compliance with standard for bed turnover, due to unique structure of program which included particular emphasis on the development of skills for independent living. Sixty-five percent of the patients admitted are court mandated cases.

Effective October 1, 1979:
reduced 30 bed unit to 27 beds
1.0 FTEE plus budget: withdrawn

On June 26, 1981, a request for continued exception from compliance with the turnover standard was denied. On only two occasions, out of the seven cited, has the North Chicago program been noncompliant with the standards since the exception was granted.

Indianapolis:
Effective October 1, 1980:
3.0 FTEE plus budget: withdrawn

Effective October 1, 1981:
2.0 FTEE plus budget: withdrawn

Effective October 1, 1982:
3.0 FTEE plus budget: to be withdrawn

The facility has recently requested approval for redesignation of their residential treatment program to provide for a therapeutic community type of treatment for drug addiction; this has been approved. Their residential program is currently in full compliance with all standards for therapeutic community modalities and is the only residential treatment program for drug addiction in central Indiana.

St. Louis:
Effective October 1, 1979:
reduced residential unit by 10 beds
2 FTEE plus budget: withdrawn

Effective October 1, 1980:
reduced residential unit by 14 beds
5 FTEE plus budget: withdrawn

Effective October 1, 1981:
reduced residential unit by 10 beds
6 FTEE plus budget: withdrawn

Effective October 1, 1982:
9 FTEE plus budget: to be withdrawn

Question: The inpatient bed occupancy rate at the Bronx detoxification unit was 20% in fiscal 1979 and 26% in fiscal 1980. The standard is an 85% bed occupancy rate. How do you justify keeping this unit open?

Answer: In response to the underutilization of specialized program resources, the Bronx residential treatment program was terminated as of October 1, 1980.

DRUG DEPENDENCY TREATMENT -- METHADONE MAINTENANCE

Question: I understand that your present standard for drug dependency outpatient visits is 1,000 visits per full-time professional employee per year. Is that correct?

Answer: Yes. The standard for drug dependence outpatient visits is 1,000 visits per full-time professional staff per year. This standard is also applied to certain paraprofessionals such as rehabilitation counselors.

Question: GAO has told the staff that visits to the Bronx and Washington, D.C. Medical Centers indicated that an outpatient visit for purposes of the standard was a visit just to receive methadone rather than to obtain counseling. Of course a pharmacist with no training in counselling procedures can dispense methadone. Do you consider this a proper way to meet your standard?

Answer: No patients being treated for drug addiction are treated with methadone only. The purpose of methadone is that of an adjunctive modality, i.e. to immediately rescue the addict from his dangerous hassling of the community in search of drugs and money for drugs. Much like a major tranquillizer in the treatment of mental illness, the utilization of methadone medication facilitates communication and earlier work on recovery activities such as job planning, family counseling and drug-related medical complications. All active patients, which include those receiving adjunctive methadone maintenance, participate in a range of treatment activities at the clinic, which include individual and group counseling and vocational rehabilitation activities. In the event a patient registers at the clinic reception desk and finds his name has not been selected randomly on that day for the weekly required urine surveillance test associated with the methadone maintenance modality, and he has no scheduled or nonscheduled appointments on that day with individual, group, or vocational counselors, and he reports to the clinic pharmacy for self-identification and the sign-in there, and he is administered methadone, the clinic reports he made an outpatient clinic visit. Often such patients have one or more appointments with specialized treatment activities in various sectors of the clinic. As well, the patient who completes 4-6 hours of treatment-related activities with counselors, testing psychologists, and/or vocational specialists, all in the same day, is counted as one outpatient visit. Some patients, on occasion, utilize the clinic services for the entire day and the total of these activities counts as one outpatient visit. These are the extremes rather than the norm, for the outpatient visits reported. The goal of the standard is the provision of a treatment unit activities load measure, against which staffing needs may be assessed.

Questions Submitted by Senator Huddleston

COMPENSATION AND PENSION PROGRAM

Question: Your justification indicates that compensation and pension claims are expected to decrease slightly in FY 1983. Does this denote a trend?

Answer: The estimated decline in Compensation and Pension claims is in the areas of dependency and income claims. This decline reflects a reduction in accessions to the Improved Pension program (PL 95-588). In addition, there are fewer children involved in our aging veteran population requiring actions at age 18.

However, proposed legislative changes would more than make up for this decline. Overall, we do not consider this to be a measurable trend. Our experience for FY 1982 to date in this area indicates we are 10 - 15% ahead of our FY 1982 projection.

CLOTHING ALLOWANCE

Question: How are increases in the clothing allowance calculated?

Answer: The clothing allowance is increased only upon enactment of legislation which specifies the annual amount to be paid. In recent years the clothing allowance has been increased annually at the same time and by approximately the same percentage as compensation rates. While the increases are not automatically calculated using an established formula, they have generally approximated the increases in the Consumer Price Index.

Question. What is the total clothing allowance for FY 83?

Answer: The estimated cost of clothing allowance for FY 1983 is $21.4 million. With an 8.1% increase in rates the cost will increase to $23 million.

TWO NEW IG FIELD OFFICES

Question: What is the actual cost of establishing two new Inspector General (IG) field offices? If these were not established, what would the office closest to Dallas and Seattle be?

Answer: The actual cost of establishing two new IG field offices is not known at this time. The projected cost is $593,000, which includes estimates for office space, furniture, equipment and employee relocation expenses. The Atlanta IG office would be closest to Dallas and the Los Angeles IG office would be closest to Seattle.

LOAN GUARANTY PROGRAM

Question: Your justification indicates that Loan Guaranty activity is likely to increase. To what extent is it likely to increase and why?

14-067 O - 83 - 22

Answer: Loan origination activity is expected to increase sharply in FY 1983, with approximately 325,000 loans closed. This is based on an anticipated strong economic recovery characterized by lower interest rates and a sharp increase in housing construction. We believe the lower interest rates, coupled with the pent-up demand for housing, will stimulate activity in the housing market on into 1983.

Question: What is the current inventory of acquired property?

Answer: As of February 28, 1982, the inventory of acquired properties was 14,033.

Question: What efforts are being made to dispose of it?

Answer: Our existing written sales procedures call for our field stations to promote an active sales program. These procedures were recently augmented by a 3-day Property Management Seminar conducted by our Central Office Property Management Staff. This seminar was attended by the Property Management Chiefs from our 50 field stations. During this 3-day period, the Property Management Chiefs were asked to redouble their efforts to promote the sale of properties by increasing the frequency of their meetings with sales brokers. They were advised to emphasize the many attractive features of the VA Sales Program during these meetings, e.g., low downpayment requirement, 30-year fixed financing, 5% unsplit sales commission and preparation of closing documents by VA. We have received feedback of increased broker interest as a result of meetings recently held by some field stations and we are hoepful that this will translate into more sales.

Question: Is the VA encountering losses on most of these properties?

Answer: Average loss per property sold FYTD through February 28, 1982 was $6,249. Three stations showed an average gain on properties sold during this period.

Question: What are the current loan limitations and down payment requirements of the VA Loan Program?

Answer: VA guaranteed loans are not subject to any specific maximum loan limitations, except that the loan may not exceed the reasonable value of the property as established by VA. Any amount by which the sales price of the property exceeds its reasonable value must be paid as a downpayment from the veteran's own resources. VA direct loans are limited by statute to $33,000, and currently these loans may be made only in connection with specially adapted housing grants made to certain permanently and severely disabled veterans.

Question: In 1982 a graduated payment mortgage program (GPM) is being implemented. What has your experience with this program been?

What are the basic characteristics of the program?

Answer: Because the Graduated Payment Mortgage (GPM) program was implemented only very recently, we are unable to report any experience with the program at this time. The basic characteristics of the program include: (a) a lower intial monthly payment than

fixed-payment mortgages; (b) annual increases of 7 1/2 percent in the monthly payment amount during a 5-year "graduation period", after which the payments level off for the remaining term of the loan; (c) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; (d) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property. (The downpayment required for this purpose varies with the interest rate charged-at the current 15 1/2 percent interest rate, a 10.28% downpayment is needed.); (e) the projected value of the property may be calculated by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event to exceed 115 percent of such reasonable value. (However, this provision has not yet been implemented.); and (f) GPM's are limited to the acquisition of single-family dwelling units. This includes the purchase of new or existing homes, condominium units in VA-approved projects, and existing homes in which the loan will also include funds for energy conservation improvements.

Question: What are your default rates on VA loans for 1980 and 1981?

Answer: In FY 1980, 11,048 GI loans were terminated due to foreclosure. This figure increased to 12,705 in FY 1981.

Question: How do you handle default situations as a general rule?

Answer: VA Regulations require that the holder of a guaranteed loan shall give the notice to the Administrator that a loan is in default within 105 days from the date of the first uncured default. Upon receipt of such notice, VA will, depending on the facts of the case, initiate supplemental servicing; i.e., a VA loan service representative will, when appropriate, contact the borrower to see if some arrangements for curing the delinquency can be arranged. In any event, a computer-generated notice is sent to the borrower, informing him or her that VA has been notified of the default and suggesting that the borrower make efforts to bring the account current and so inform the holder.

If a delinquency continues and the holder believes that the loan is insoluble, it may file a Notice of Intention to Foreclose. Upon receipt of such Notice, a letter will be sent to the borrowers from VA informing them of the seriousness of the situation and of the holder's intention to foreclose. It will also be suggested that if the borrower is unable to arrange a cure, he or she should contact VA for counseling. If appropriate, a loan service representative will again make personal contact with the borrower.

The holder has to wait at least 30 days after filing its Notice of Intention to Foreclose before starting proceedings to terminate the debtor's rights in the security.

Until such time as VA determines that the default cannot be cured, efforts will be made to assist the borrowers to arrange to retain their homes.

Question: The Administration has proposed a change in the VA Loan Program to require an "up front" payment.
What impact do you expect this to have on the program?

Answer: The "up-front" payment or user fee is intended to partially offset the total cost of providing the Loan Guaranty benefit. The proposal calls for the fees to be deposited in the Treasury as proprietary receipts where they will be credited as offsets to agency outlays and budget authority. We expect there would be a limited number of cases in which veterans would not have sufficient resources to pay the fee, thus precluding their use of the GI Loan Program at that time.

STATE APPROVAL AGENCIES

Question: Your request for payments to State Approval Agencies is only $300,000 over last year. Does this mean that you anticipate contracts and activities at approximately the FY 82 level?

Answer: The VA reimburses State Approval Agencies for the expenses which they incur as a result of approving (or disapproving) educational and training program, inspecting educational institutions and job training establishments which offer the programs, and supervising the institutions and establishments in which veterans and eligible persons are enrolled. As the number of trainees has declined, the number of requests for approval and the number of active educational institutions and job training establishments has decreased. The elimination of educational assistance allowance benefits for almost all flight training has also contributed to a decline in activity. For FY 1983, the VA anticipates a small decrease in the amount of work required of the State Approval Agencies and a resultant lower staffing requirement. However, the savings which could be expected from less activity and lower staffing will be offset to some extent by inflationary increases in the salary and travel expenses incurred by the State Approval Agencies.

VOCATIONAL REHABILITATION PROGRAM

Question: Please provide a list of the Career Development Center (CDCs) in operation or authorized.

Answer: As of February 1982, Career Development Center (CDCs) were operational in the following 28 locations:

San Diego	Milwaukee
Washington, D.C.	Portland
Baltimore	Philadelphia
Newark	New York
Detroit	Pittsburgh
Cleveland	San Juan
Chicago	New Orleans
Roanoke	Columbia
Seattle	Boston
Huntington	Jackson
Nashville	Louisville
St. Louis	St. Paul
Indianapolis	Los Angeles
St. Petersburg	Winston-Salem

As initially conceptualized, CDCs have been authorized for the additional following locations:

Atlanta	Montgomery
Buffalo	Phoenix
Denver	Providence
Hartford	San Francisco
Little Rock	

The Career Development Center program is currently under study by the DVB Management Advisory Committee on Benefits Delivery. Recommendations developed by the Committee concerning any adjustment or modification of current delivery of CDC services will be presented to the Administrator along with recommendations in other DVB program areas.

Question: Your justification (page 1-110) refers to the "expanded scope of Vocational Rehabilitation Services." Please elaborate.

Answer: The reference to "expanded scope of vocational rehabilitation services" refers to changes in the vocational rehabilitation program, chapter 31, title 38, U.S.C., enacted in Public Law 96-466. The VA is now charged with assisting service disabled veterans to achieve maximum independence in daily living and, to the maximum extent feasible, become employable and obtain and maintain suitable employment.

Within this context, specific changes in the scope of service mandated by Public Law 96-466 include:

° Extending the basic period of eligibility from 9 to 12 years.

° Providing a period of comprehensive extended evaluation, when needed, to determine a seriously disabled veteran's potential for rehabilitation.

° Preparing an individualized written rehabilitation plan, in cooperation with each veteran, which describes the rehabilitation objectives and services to be provided.

° Providing employment assistance for service disabled veterans, including those who have acquired rehabilitation training under the Rehabilitation Act of 1973, as an integral part of their rehabilitation training to assure suitable employment upon completion of training.

° Authorization of a pilot program of independent living services and assistance for seriously disabled veterans for whom a vocational goal is not reasonably feasible. This program was implemented in FY 82 and is scheduled to continue through FY 85.

EMPLOYMENT

Question: Do you plan any structural or employment changes in the 59 field offices through which non-medical veterans benefits are processed?

Answer: Plans have been formulated to move the VA Loan Guaranty Division, consisting of 149 employees, from Jacksonville to St. Petersburg, FL. This relocation will save the VA $589,000 per year by reducing overhead costs and staffing requirements.

Additionally, we are presently engaged in the shifting of resources for debt collection activities from other elements within the Department. This action is being taken to assist in the implementation of the requirements of PL 96-466, i.e., the charging of interest and administrative cost, the referral of credit information to consumer reporting agencies, and the increased collection and repayment tasks in finance divisions at the Regional Offices. We expect to utilize 336 full-time employment equivalency (FTEE) during this fiscal year and anticipate an increase of 66 FTEE to 427 for FY 1983.

Question: Your justification (page 1-89) also notes that the DVB employment request anticipates the enactment of proposed legislation which would repeal the 50 percent employment requirement. If this requirement is not repealled, what would the cost be?

Answer: The estimated cost of the 50 percent employment requirement for the Department of Veterans Benefits is 14 FTE and $223,000 in Fiscal Year 1983.

FURLOUGH

Question: Your justification (page 1-89) indicated that DVB may have to furlough employees in FY 82. Please explain what necessitates this and how it would be handled, should you have to do it.

Answer: In order for the department to effectively administer an integrated program of veterans benefits, provide an adequate level of service to veterans, expand our debt collection activities as authorized under PL 96-466, implement the Former Prisoner of War Benefits Act of 1981, PL 97-37 and carry out the provisions of PL 97-66 (Veterans' Disability Compensation, Housing and Memorial Benefits Amendments of 1981) and PL 97-72 (Veterans' Health Care, Training and Small Business Loan Act of 1981), it was determined an employment objective of 15,640 would be necessary. In order to fund this level of employment and provide sufficient funding to cover non-payroll costs, which increased $10.7 million over FY 1981, the furlough option was selected. Every effort is being made to avoid unnecessary furlough actions.

If it is determined that a furlough is necessary, all affected employees would be advised in accordance with OPM mandates and Union practices, e.g., 30 day advance notice. We would prefer each field station handle the furlough process at their level, within broad guidelines issued by the Department, attempting to remain as flexible as possible while achieving the desired results. All employees would be affected.

DEBT COLLECTION

Question: Please summarize your fiscal 1982 activities with respect to beneficiary overpayments and ineligible payments. How many cases did you identify? What is the usual nature of the overpayment or ineligible payment? What actions did you take on the cases?

Answer: An aggressive, timely and uniform application of current VA Debt Collection procedures is in effect and is performed by the Centralized Accounts Receivable System (CARS). CARS is heavily supported with computer capability by the VA Data Processing Center, St. Paul, MN. The expansion of the automated CARS master records allows implementation of provisions of PL 96-466, i.e., charging of interest and administrative cost and the referral of credit information to consumer reporting agencies. Status of cases from October 1, 1981, through February 28, 1982 is:

Beginning Balance	(10-1-81)	597,952
Established		157,738
Dispositions		-133,936
Ending Balance	(2-28-82)	621,754

Approximately 88% of the cases were in the Education System and primarily caused by delays in processing and reporting changes in training status and termination dates. Over 6% of the cases were in the Compensation and Pension System and caused by a deceased spouse not being timely reported or an increase in income. Six percent of the cases are in the Loan Guaranty program and were caused by foreclosure of guaranteed property.

In all situations aggressive Administrative Collection action was taken by CARS. When unsuccessful, enforced collection was pursued through VA District Counsels and U. S. Attorneys. When current benefits are being received after beneficiaries have been given "due process", offsets are made, if possible, to liquidate and/or reduce the indebtedness.

BALANCE OF OVERPAYMENTS

Question: Miss Starbuck, you note that the balance of overpayments on hand is expected to rise again at the end of 1982 -- to a level of $541 million, as opposed to $424 million at the beginning of this year. It seems to me that that is still a substantial amount of overpayments. Can't we reduce the balance more and do something to prevent the anticipated raise?

Answer: The expected rise to a level of $541 million will be caused by the reactivation of terminated accounts in the amount of $187 million. Without reactivation, our expected level at the end of 1982 would have been $353 million -- a decrease of $71 million from January 1982 balance of $424 million.

PAYRAISE SUPPLEMENTAL

Question: On page 5 of your testimony, you note that a payraise supplemental will be sent up later. Have you developed any figures on the total cost of that payraise, and do you have any indication whether or not the VA will have to absorb a portion of it?

Answer: The Department of Veterans Benefits portion of the October 1981 payraise is $15.5 million and the Department is not in a position to absorb any portion of it.

BENEFITS

Question: Do you now consider the FY 83 Request for Compensation and Pensions sufficient or will a supplemental amount be needed?

Answer: The FY 83 request as submitted, (including savings legislation) is sufficient to fund the Compensation and Pensions Appropriation. If the proposed 8.1% Compensation rate increase is enacted, a supplemental will be needed.

Question: How much more do you now expect to need and what are the causes for this increase?

Answer: If all legislative proposals are enacted, $771 million will be required for the projected 8.1% Compensation rate increase.

Question: If the proposed legislation to delay payment of Compensation to the first full month of entitlement were enacted, what do you calculate the average loss to affected beneficiaries to be?

Answer: The average loss resulting from enactment of the proposal to delay payments to the first full month of entitlement in FY 1983 is estimated to be $158.

Question: How many beneficiaries are likely to be affected?

Answer: This proposal would affect approximately 51,000 veterans and 6,000 survivors in FY 1983.

Question: If the proposed legislation to eliminate the dependency allowance for veterans rated less than 50 percent disabled were enacted, how many beneficiaries would be affected and what would the individual dollar impact be?

Answer: The proposal to eliminate the dependency allowance for veterans rated less than 50 percent disabled will affect approximately 320,000 veterans and 529,000 dependents, lowering the average monthly benefit by $35 for those veterans affected.

Question: How would the proposal to issue pension benefit checks in even dollars work?

Answer: Our computer will calculate the annual benefit the beneficiary is entitled to; divide this by 12, and reduce this amount to the next lower whole dollar.

Question: If the proposal to amend the definition of dependent child is adopted, how many beneficiaries and potential beneficiaries would be affected?

Answer: If this proposal is adopted, it is estimated that in FY 1983, 103,000 beneficiaries will have their payments reduced 25%, while 25,700 potential beneficiaries will be denied access to the program as it is currently structured. Together, the beneficiaries affected total 128,700.

Question: What would be the likely dollar impact per individual?

Answer: It is estimated that the 103,000 who will have their payments reduced 25% will be reduced an average of $65 per year while the 25,700 who will be denied access to the program will be reduced $261 per year.

Question: You are again recommending that the compensation and pension funds be split. What is your justification for this?

Answer: We have proposed that the appropriation be split because: a) It would achieve a more informative presentation of government-wide budgetary requirements; b) Adoption of the split would more closely correspond to government-wide functional program classification and c) Adoption of the split would facilitate program presentation.

Question: Approximately 15,000 persons have been taking correspondence courses. What is the nature of these courses?

Answer: Of the correspondence courses still approved, the vocational/technical courses enroll the bulk of the eligibles. (Dependents represent fewer than 100 trainees currently). Of the vocational/technical courses, the radio/TV/electronics courses constitute a significant portion. Several truckdriving and/or heavy equipment-construction combination courses remain approved, but enrollment has declined over the last four years. There are a number of bar review courses approved and the enrollment in them stays fairly stable. Although there are several colleges and universities still offering home study (most have switched to independent study), enrollment has remained less than 200 for some time.

Question: How do you determine which courses qualify?

Answer: The law delegates the authority for the approval of correspondence courses to State approving agencies which are designated by the chief executives of the States. Accredited correspondence courses may be approved if they meet the requirements of section 1775, title 38, U.S. Code. Non-accredited courses must satisfy the requirements found in section 1776, title 38, U.S Code.

Question: Do you anticipate that the employability of these persons will be affected if the training is discontinued?

Answer: An early analysis of low correspondence course completion rates (averaging 41%; with some schools as low as 10%) indicates that this training has in large part been used for recreational or avocational purposes. A limited 1979 GAO survey indicates that only 34% of correspondence graduates had full time jobs directly related to their training. If this training is discontinued, the impact on employability would be minimal.

Question: PL 97-72 provided a two year extension of the delimiting period for Vietnam Veterans pursuing on-job training , vocational-technical training or high school. This two year period encompasses calendar 1982 and 1983. How many do you expect to take advantage of this extension?

Answer: We had originally anticipated 44,300 Vietnam era veterans would train in FY 1982. However, based on applications received through February (1,131 applications with 56 approvals, 430

denials and 645 applications still pending) it would appear that perhaps by the end of the fiscal year we might have in the neighborhood of 10,000 veterans in training. Over the lifetime of this proposal, we anticipate about 47,500 veterans will receive benefits at some time.

SURVEY OF OLDER VETERANS

Question: According to your justification, you plan a survey of older veterans. What type of survey do you envision and what will be its cost?

Answer: The planned FY 1983 Survey of Older Veterans will be a personal interview survey of approximately 5,000 veterans, at a cost of $350 thousand in FY 1983. Information not available from existing sources will be collected on health status, health insurance coverage, amount and sources of income, labor force status, retirement plans and potential retirement income, relocation plans, and degree of dependence upon others (physical, nutritional, financial, etc.). The data will be related to two major age groups: (1) those currently 65 years of age and over and (2) those who will become members of that group within the next ten years.

Measuring these variables for those 65 and over will establish base line data, while collecting them for those under 65 will provide the information needed for estimating their future status as they enter the older age group. It will also be important to determine what the veterans' reasons are for using or not using VA benefits. Overall, the results of this survey will be useful to the VA for planning to cope with the rapidly expanding elderly veteran population.

GENERAL OPERATING EXPENSES (GOE)

Question: Of the $115 million requested for support staff office operations for FY 82, how much is attributed to annualization of the October 1981 pay raise, general schedule (GS) and wage board pay raises?

Answer: The annualized FY 83 cost of the October 1981 pay raise for Staff offices is estimated to be $3,500,000.

Question: What is your estimate of the cost of the October 1982 pay raise as proposed in the President's budget?

Answer: The estimated costs for staff offices of the October 1982 pay raise of 5% proposed in the President's budget is $3,965,000.

Question: What if the increase were held to four percent?

Answer: If the pay raise was held to 4%, the cost for staff offices would be $3,172,000, which is a difference of $793,000.

VA TELEVISION STUDIO PRODUCTION CAPABILITY

Question: What is the total amount spent on VA television studio production capability in FY 80, 81 and 82 and projected for FY 83?

Answer: Early in FY 1980, DM&S imposed a moratorium on new starts and expansion of existing closed circuit television (CCTV) production and distribution facilities. Since then, DM&S has deactivated all television studio production capabilities except at four designated regional audiovisual production sites; VAMCs Northport, St. Louis, Salt Lake City, and Washington, D.C. The expenditures at these four sites represent the costs of meeting the production needs of DM&S.

Television Studio Production Capability
($000)

	FY 1980	FY 1981	FY 1982	Projected FY 1983
Equipment	$370	$10	$75	$100
Space renovation	$85	$85	$33	$100
Operating Costs	$382	$402	$508	$563

The FY 1980 equipment costs were due largely to the need to build up VAMC Salt Lake City capabilities to the level required for its function as a production center. Significant cost avoidance was achieved by utilizing several major equipment items which had been identified as excess at other medical centers during the Department-wide deactivation of production capabilities.

The other three sites were already operational and required only minor upgrading.

Question: What specifically does this activity involve?

Answer: Television studio production activities involve the coordinated use of staff, equipment, and space to produce instructional videotape cassettes in support of DM&S patient care, education, and research missions.

BOARD OF CONTRACT APPEALS

Question: In FY 81 and FY 82, how many appeals were brought before the Board of Contract Appeals?

Answer: 163 appeals. 97 were docketed in FY 1981. 66 have been docketed in FY 1982 as of March 25.

Question: How many decisions were then taken before the U.S. Court of Claims?

Answer: One decision of the Board was appealed to the Court of Claims during the period from October 1, 1980 to March 25, 1982. The decision was issued by the Board on June 3, 1980, and was appealed on October 3, 1980.

Question: How many of those were appealed by private contractors and how many by the VA?

Answer: The one decision of the Board which was appealed to the Court of Claims was appealed by the contractor.

RECORD NUMBER OF APPEALS

Question: You have noted a record number of appeals to the Board of Veterans Appeals regarding benefit claims. What accounts for this increase?

Answer: We believe that there are two main factors behind the dramatic upswing in appeals over the last several years -- and the record number in 1981.

First, a comparison of unemployment rates for adult males with the number of appeals initiated shows general correlation. Thus, the high unemployment levels could be part of the reason for the large number of appeals.

Second, there appears to be a general increase in litigation in most areas of our society. We believe that this spills over into veterans benefit claims as well. Although the portion of total claims that are appealed is quite low (about 2.5 percent), it was only about 1.8 percent 7 to 8 years ago.

VEHICLE REPLACEMENT STANDARDS

Question: What is your criteria for vehicle replacements at veterans cemeteries?

Answer: DMA adheres to the replacement standards established in Federal Property Management Regulations. The replacement standard for sedans is 6 years or 60,000 miles. Motor trucks depending on gross vehicle weight are replaced anywhere from 6 to 9 years or with mileage varying from 50,000 to 80,000.

BURIAL ELIGIBILITY

Question: Who is currently eligible for burial in a veterans cemetery?

Answer: Primarily, the interment is authorized for any member of the Armed Forces who dies while on active duty; any veteran who is discharged under conditions other than dishonorable; members of the reserve components of the Armed Forces, the Army and Air National Guard and members of the Reserve Officers Training Corps who die while on training duty; and the spouses, minor children and unmarried adult children who are physically or mentally disabled and incapable of self support, of the service person or veteran.

Question: What costs associated with burial are borne by the Government and what by the family?

Answer: For burial in a national cemetery the Government provides the plot, marker, and is responsible for maintenance of the gravesite. In certain cemeteries, a graveliner is provided at Government expense. All other costs (funeral expenses, cemeterial vaults, etc.) are borne by the family.

LONG TERM CEMETERIAL PLANS

Question: What are your long term plans with regard to the operating of additional cemeteries?

Answer: We are presently on the regional concept and currently have an open regional cemetery in seven of the ten Federal Regions. Three of the regions presently do not have an open regional cemetery but two of these (Regions V and III) will have cemeteries opening this year. They are at Ft. Custer, Michigan (the Ft. Custer Post Cemetery will open late spring) and Indiantown Gap, PA. (opens the fall of this year). Efforts are under way to construct the Region IV National Cemetery at Ft. Mitchell, Alabama with a planned cemeterial opening date in 1986. Our new regional cemeteries are expected to have available grave space for the next 40 to 60 years.

Question: What are projected needs and what additional installations are planned?

Answer: By 1990, 70,000 burials are projected in national cemeteries. In addition to the building of the regional cemeteries mentioned above, additional cemeterial installations are scheduled at Quantico, Va. (spring of 1983) and in central Florida (1987). These two exceptions were made to the regional concept due to the high veteran population in these areas. To further meet the long range workload expansion, periodic surveys will be conducted at our cemeteries to locate additional gravesites where possible; reservations (made before 1962) will be reviewed to determine any cancellation; cemeteries will be expanded, whenever feasible, through the acquisition of donated land that is adjacent to the cemetery and suitable for cemetery purposes; garden niches for cremated remains will be located wherever possible to assure the full use of all cemetery land. In addition, the State Cemetery Grants Program is strongly encouraged to complement our National Cemetery System and help serve veterans' burial needs.

CREDIT ACTIVITIES

Question: In the past, the credit budget has only recorded the Government's contingent liability for mortgage guarantees. The fiscal 1983 budget, however, records the full principal. Doesn't this distort the Government's actual obligation and make it appear as if the program is a greater burden on the Government than it is?

Answer: The credit budget is being recorded such that the mortgage guarantees are presented at the full principal. The move is directed not at distorting the government's liability but at showing the extent of its involvement in the housing market. The

presentation reflects neither an increase or decrease in the contingent liability.

Question: You apparently expect loans against VA-administered life insurance policies to increase in FY 83. Why?

Answer: Policy loans are expected to increase beginning in the second quarter of FY 1983, as the policy loan interest rate at 11% may, after review decline a point or two.

MEDICAL CARE

Question: PL 97-66 requires cost comparison studies to determine the feasibility of using private performance for certain hospital activities other than those related to direct patient care (i.e., grounds keeping, vehicle maintenance, etc.). What is the status of these studies?

Answer: Notwithstanding the Senator's question, PL 97-66 created no requirement for us to complete cost comparisons. We interpret section 601(b)5 of that act to prohibit DM&S cost comparisons in absence of specific appropriations for that purpose. Accordingly, since Congress has not yet appropriated any funds for that purpose, we have entertained no such cost comparison studies. The committee should note that the FY 1983 request includes $2 million to enable DM&S to complete selected cost comparisons, complying with PL 97-66. Should Congress provide such funding, these studies would be completed in non-medical care functions.

MEDICAL CARE

Question: The largest category of VA medical beneficiaries are those who may receive needed care if they cannot defray cost of private care. Why do you think this is numerically the largest group the VA serves?

Answer: Of a total veteran population of 30 million, approximately 77.7% (or 23.3 million) are veterans who must affirm an inability to defray the cost of required medical care. Generally, Section 401 of PL 96-330 requires the Agency to assure this affirmation is valid, by examining, on a case-by-case approach, these veterans' ability to pay for needed medical care. In addition to this group, nonservice-connected veterans eligible for Medicaid, and veterans in receipt of VA pension are by law presumed unable to pay for needed care. Taken altogether, these veterans obviously comprise the largest group the VA serves.

Question: If a larger portion of this group had health insurance, would you expect less use?

Answer: We would expect less use if a larger portion of this group had adequate health insurance. The issue of adequacy becomes more relevant as commercial insurance companies charge higher premiums for less coverage and require higher deductibles and increased coinsurance.

MEDICAL CARE

Question: What is the average length of stay in a VA hospital for medical, surgical and psychiatric care?

Answer: The average length of stay in the VA for various categories of care is:

	Average Length of Stay 1/	Percent Discharges 2/
Medicine	13.4	97.0
Surgery	13.1	98.8
Psychiatry	23.6	93.5
Overall	15.0	97.0

1/ This is the average length of stay of patients who were discharged in less than 100 days. This is the same method used by community hospitals to compute their average length of stay.

2/ This is the percent of discharges included in the average length of stay calculation.

Question: How does this compare to private institutions?

Answer: The average length of stay for private institutions for medicine is 10.7 days while for surgery it is 9.3 days. We are not able to generate a comparable value for psychiatry. For medicine and surgery combined the VA average is about 3.2 days higher.

Question: What constitutes a "Stay"?

Answer: A "Stay" is defined as an admission and discharge from the same hospital for the same patient.

Question: How are days counted?

Answer: Days are counted from the date of admission to the date of discharge.

Question: Do those definitions compare with those used in private institutions?

Answer: These definitions are the same as those used in private institutions with the following exception, i. e., the VA excludes Absent Bed Occupant days (ABO) from the patient's total length of stay. ABO days are defined as an authorized absence from the hospital of more than 96 hours.

Question: Have you been able to secure the necessary number of physicians to fulfill your staffing requirements?

Answer: As of September 30, 1981, the Department of Medicine and Surgery had 574 physician vacancies (365 full-time and 209 part-time), for a 4.9 percent vacancy rate. As a general trend, however, the number of on-duty physicians in the VA has increased and the number of vacancies and the vacancy rates have decreased between December 1979, and September 1981. For example, the total on-duty strength which was 10,378 physicians in December 1979 has increased to 11,218 as of September 1981.

Question: In all specialties?

Answer: In all categories of designated scarce medical specialties the on-duty strength of physicians has increased over the past 21 months. There are still, however, higher than acceptable vacancy rates in some specialties. For example, as of September 30, 1981, for full-time physicians, Orthopedic Surgery had a 16.7 percent vacancy rate, Urology 12.2 percent, and Anesthesiology had a 8.5 percent vacancy rate.

Question: What about other health care personnel?

Answer: The Department of Medicine and Surgery continues to experience difficulties in recruiting for certain health care occupations in specific locations. As of March 1, 1982, the Department was recruiting as follows:

-71 facilities reported 644 vacancies for Staff Registered Nurses. Many of these facilities reported an additional 212 vacancies for RN's to work in the Intensive Care Units, Psychiatry, as Clinical Specialists or other specialty roles.

-47 facilities reported 248 vacancies for Licensed Practical Nurses.

-36 facilities reported 56 vacancies for Medical Technologists.

-31 facilities reported 43 vacancies for Physical Therapists.

-20 facilities reported 32 vacancies for Inhalation Therapy Technicians.

-18 facilities reported 36 vacancies for Pharmacists.

-15 facilities reported 43 vacancies for Medical Radiology Technicians.

In making efforts to improve the Department's ability to recruit and retain these scarce categories of health care personnel, the Department has the following special pay scales in effect:

-87 facilities* for Registered Nurses.
-19 Metropolitan areas for Medical Radiology Technicians.
-18 Metropolitan areas for Licensed Practical Nurses.
-14 Metropolitan areas for Medical Technologists.
-8 Metropolitan areas for Physical Therapists.
-7 Metropolitan areas for Inhalation Therapy Technicians.

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*The VA has authority to establish special pay rates by facility for Registered Nurses employed under Title 38.

The remaining occupations are GS positions covered by Title 5, and these special pay rates are established for specified geographic areas by the Office of Personnel Management. A single metropolitan area may cover two or more facilities.

COST CONTAINMENT

Question: Dr. Custis, on page 2 of your testimony, you refer to anticipated cost containment activities with respect to radiology, laboratory and pharmacy operations. Will you tell us how you expect to achieve economies in those areas and how much you expect to save in each?

Answer: In order for our facilities to absorb the higher payroll costs resulting from the 1982 Wage Board pay raise and other unfunded requirements, cost containment in certain non-payroll areas such as laboratory, radiology, and pharmacy is expected. This cost containment would be accomplished through more prudent use of X-rays and laboratory tests, in addition to the wider use of generic drugs. It must be emphasized that this reduction will be achieved without any reduction in the quality of health care given to veterans. Below is a distribution of the anticipated cost containment expected for fiscal years 1982 and 1983 (dollars in thousands):

	FY 1982	FY 1983	Total
Radiology.....	$ 2,525	$ 311	$ 2,836
Laboratory.....	3,334	411	3,745
Pharmacy.....	10,645	1,312	11,957
Total.....	$16,504	$2,034	$18,538

BENEFICIARY TRAVEL

Question: Dr. Custis, on page 2 of your statement, you refer to a reduction in beneficiary travel payments. Would you elaborate?

How did you arrive at the figure of $16.9 million in anticipated savings?

Will you need legislation in order to implement this policy?

Answer: The budget reflects savings to be achieved by the limiting of beneficiary travel payments to all non-emergent, non-service-connected veterans (excluding pensioners and veterans eligible to receive a pension based on annual income).

It is the VA General Counsel's opinion that the $24,047,000 savings in beneficiary travel payments would require the enactment of legislation. The Agency's efforts to achieve savings by administratively controlling the payment of travel to those veterans eligible under Section 111, Title 38 and under the administrative authority of the Administrator following the enactment of P.L. 96-151 have been exhausted.

The $16,992,000 reduction in total beneficiary travel dollars is the net of the $24,047,000 anticipated savings through legislation and the $7,055,000 increase for inflation (including the impact of rising costs of public transportation and of travel such as ambulance, etc.).

MEDICAL AND PROSTHETIC RESEARCH

Question: Dr. Custis, on page 3 of your statement, you note that a 199 personnel decrease is budgeted for medical research. In what areas and activities would this reduction occur?

Answer: The personnel decreases for Medical Research are categorized as follows:

Investigator-Initiated	-38 FTEE
Cooperative Studies	-25 FTEE
Career Development	-40 FTEE
High Priority Research	-105 FTEE
Agent Orange	+9 FTEE

There has been an internal redistribution of the FTEE so that the apparent large reduction for High Priority Research may be misleading. In fact, productive High Priority Programs in aging, alcoholism and spinal cord injury are being transferred to the Investigator-Initiated area as they are approved for renewal. Consequently, the FTEE assigned to these programs are also being transferred.

KENTUCKY ACTIVITIES

Question: We have a $3.7 million construction program underway at Louisville. What is the schedule for completion of that project?

Answer: The scheduled completion date for the Louisville project is November 21, 1984.

Question: Do you have any construction plans for either Louisville or Lexington in the out-years; i.e., 1984, 1985 and shortly beyond.

Answer: The VA Medical Center at Lexington has one major construction project for a "Clinical and Administration Addition" planned for construction in FY 1985 at an estimated cost of $20,000,000.

The VA Medical Center at Louisville also has a major construction project planned in 1985 for a Clinical and Education Addition at an estimated cost of $9,000,000.

Question: What affiliations do the Kentucky facilities have with area medical schools. How many people are involved and what medical specialties. Please discuss 1980, 1981 and 1982.

Answer: In 1981 the VA Medical Center at Lexington, Kentucky, had a total of 301 medical house staff, 355 medical students, 2 dental house staff, 11 audiology and speech pathology trainees, 35 dental auxiliaries, 6 in dietetics, 18 medical and clinical laboratory trainees, 499 nursing professionals, 2 students in optometry, 14 pharmacy students, 28 in rehabilitation, 8 in psychology, 17 in radiology, 8 in social work, 1 in recreation, and 3 mid-level and entry administrative trainees.

In 1981, the VA Medical Center at Louisville, Kentucky, had 306 medical house staff, 162 medical students, 23 dental house staff, 82 dental students, 4 students in audiology and speech pathology, 52 dental auxiliaries, 6 students in medical and clinical laboratories, 1 in medical records, 2 in nuclear medicine, 133 nursing professionals, 59 nursing auxiliary students, 4 in psychology, 12 in radiology, 2 in social work, and 3 administrative trainees at either the entry or mid-level.

From the way the question is phrased, we assumed the medical specialties involved were those only from the medical school. Therefore, listed below are the total number of house staff physicians and medical specialties for the years 1980, 1981 and 1982.

In 1982, Lexington had a total of 82: anesthesia 3, family practice 2, pathology 4, psychiatry 3, neurology 4, radiology 2, general internal medicine 33, cardiology 3, hematology 1, infectious disease 1, pulmonary disease 2, general surgery 13, neurosurgery 1, ophthalmology 3, orthopedics 2, plastic surgery 1, thoracic surgery 1, and urology 3.

In 1982, Louisville had a total of 79: anesthesia 2, dermatology 1, family practice 1, pathology 3, psychiatry 7, neurology 3, radiology 3, general internal medicine 25, cardiology 2, endocrine disease 1, gastroenterology 2, hematology 1, nephrology 1, oncology 1, pulmonary disease 2, general surgery 10, neurosurgery 2, ophthalmology 3, orthopedics 3, ENT 2, plastic surgery 1, thoracic surgery 1, and urology 2.

In 1981, Lexington had a total of 84: anesthesia 3, family practice 2, pathology 4, psychiatry 3, neurology 4, radiology 2, general internal medicine 33, cardiology 2, endocrine 1, gastroenterology 2, hematology 1, infectious disease 1, pulmonary disease 2, general surgery 13, neurosurgery 1, ophthalmology 3, orthopedics 2, plastic surgery 1, thoracic surgery 1, and urology 3.

In 1981, Louisville had a total of 79: anesthesia 2, dermatology 1, family practice 1, pathology 3, psychiatry 7, neurology 3, radiology 3, general internal medicine 25, cardiology 2, endocrinology 1, gastroenterology 2, hematology 1, nephrology 1, oncology 1, pulmonary disease 2, general surgery 10, neurosurgery 2, ophthalmology 3, orthopedics 3, ENT 2, plastic surgery 1, thoracic surgery 1, and urology 2.

In 1980, Lexington had a total of 78.5: anesthesia 3, family practice 1, pathology 4, psychiatry 1, neurology 4, radiology 2, general internal medicine 30, cardiology 3, endocrinology 1, gastroenterology 2, hematology 1, pulmonary disease 3, general surgery 13.5, neurosurgery 1, ophthalmology 2, orthopedics 2, plastic surgery 1, thoracic surgery 1, and urology 3.

In 1980, Louisville had a total of 69: dermatology 1, family practice 1, pathology 3, psychiatry 6, radiology 3, general internal medicine 26, cardiology 2, gastroenterology 2, hematology 1, pulmonary disease 1, general surgery 10, neurosurgery 2, ophthalmology 3, orthopedics 3, ENT 2, plastic surgery 1, and urology 2.

Question: What specialized care is offered at the facilities in Kentucky?

Answer: Lexington, Kentucky: Alcohol Treatment, Cardiac Cath Lab, Cardiac Surgery, Electron Miscroscopy, Hemodialysis, Home Dialysis, ICU (Med., Surgical and Coronary), Nuclear Medicine, Pulmonary Function Lab, Respiratory Care Unit, Self Dialysis, Speech Pathology and Audiology, Mental Hygiene, Day Hospital and Readjustment Counseling.

Louisville, Kentucky: Cardiac Cath Lab, ICU (Med., Surgical and Coronary, Nuclear Medicine, Orthotic Laboratory, Prosthetic Treatment Center, Pulmonary Function Lab, Speech Pathology and Audiology, Mental Hygiene, Day Hospital and Readjustment Counseling.

MEDICAL AND PROSTHETICS RESEARCH

Question: 1.) In fiscal 1981, research for the Veterans Administration was funded at $140 million. In fiscal 1982, it was sharply reduced to $128 million. The proposal for fiscal 1983 is $137.8 million. While this represents an increase of $9.5 million over fiscal 1982 appropriation, it still remains lower than fiscal 1981. If adjusted for inflation, the fiscal 1983 level would fall about 10 percent below the 1981 level.

A.) Will the proposed increase from fiscal 1982 allow for any new research activities?

Answer: The proposed FY 1983 budget for Medical and Prosthetics Research will allow for essentially no program growth, but will allow for activity to continue at the reduced FY 82 level. It will be possible within this budget to begin some new programs. This will be possible by replacing those programs that are completed with new programs and by initiating a policy that only allows support for those approved programs with the best scientific priorities and most relevance to the VA patient care mission. It will be necessary, therefore, to terminate those approved ongoing programs that do not have the best scientific priorities.

Question: B.) Will the proposed funding level allow for any staff increases from fiscal 1982? Will any of the 199 positions that were lost due to the lower fiscal 1982 funding level be restored?

Will any research positions be terminated in fiscal 1983 because of insufficient funding?

Answer: The proposed FY 1983 budget will allow for no staff increases from FY 1982, in fact, there is a proposed reduction of 199 FTEE. The reduction of 182 FTEE from FY 1981 to FY 1982 will not, therefore, be restored in the proposed FY 1983 budget. The FY 83 budget will not be able to support 4112 FTEE and maintain a proper mix of personnel service and other than personnel service. Terminations will occur due to programs phasing out.

Question: 2.) The Senate Veterans Committee recommended an increase of $10 million over the fiscal 1983 level proposed by the Administration.

A.) Do you support this recommendation?

Answer: I realize that the VA research program sustained in FY 1982 a budget reduction from FY 1981. A $10 million increase in FY 1983 from the proposed level could allow some growth from the FY 1982 level. I, however, feel a strong commitment to support the President's goal of controlling federal spending. The proposed FY 1983 budget for research would allow the program to continue at the FY 1982 level and mean that research of high scientific merit and the most relevance to the VA patient care mission will be supported.

Question: B.) If the increase were approved, what activities would be funded that would not be possible with a level of $137.8 million? Would there be any increase in staff positions?

Answer: In Medical Research increase support will be provided for Investigator-Initiated research and as start-up funding for newly recruited investigators with approved program, Career Development program, and Cooperative Studies program. These programs have been reduced from FY 81 to FY 82 as follows: Investigator-Initiated 170programs, Career Development 37 programs, Cooperative studies 6 programs. In addition, Rehabilitative Engineering R&D and Health Services R&D will be increased.

The only physicians supported by an increase in research funding would be those funded in the Career Development program. There would be an increase in technical support positions related to the increased research programs.

SUBCOMMITTEE RECESS

Senator GARN. The subcommittee will stand in recess until April 1 at 10 a.m. when we will receive testimony from the Federal Emergency Management Agency and the Selective Service System. The subcommittee is recessed.

[Whereupon, at 11:23 a.m. Tuesday, March 23, the subcommittee was recessed, to reconvene at 10 a.m. Thursday, April 1.]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, APRIL 1, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 2:30 p.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn (chairman) presiding.

Present: Senators Garn and Leahy;

FEDERAL EMERGENCY MANAGEMENT AGENCY

STATEMENT OF LOUIS O. GIUFFRIDA, DIRECTOR

ACCOMPANIED BY:

B. J. THOMPSON, ADMINISTRATOR, U.S. FIRE ADMINISTRATION
JOHN R. BRINKERHOFF, ACTING ASSOCIATE DIRECTOR, NATIONAL PREPAREDNESS PROGRAMS
STEPHEN R. COLGATE, BUDGET OFFICER
CHARLES M. GIRARD, ASSOCIATE DIRECTOR, RESOURCE MANAGEMENT AND ADMINISTRATION
LEE M. THOMAS, ASSOCIATE DIRECTOR, STATE AND LOCAL PROGRAMS AND SUPPORT
JEFFREY S. BRAGG, ADMINISTRATOR, FEDERAL INSURANCE ADMINISTRATION
FRED J. VILLELLA, ASSOCIATE DIRECTOR, TRAINING AND EDUCATION

SUBCOMMITTEE PROCEDURE

Senator GARN. The subcommittee will come to order.

Mr. Giuffrida, it is a pleasure to have you here today in your first appearance before the subcommittee.

The Federal Emergency Management Agency was created in 1979 as an independent agency pursuant to Executive Order 12127. The plan called for the consolidation of five agencies and several Federal emergency mitigation, response, and disaster programs into FEMA. Later that year, the programs and authorities relating to civil defense, Federal disaster assistance, and Federal preparedness activities were also transferred to FEMA.

FEMA is responsible for supervising Federal efforts to anticipate, prepare for, and respond to major civil emergencies. The Agency also works to insure the effectiveness of the national civil defense program as well as the availability of civil defense systems and resources in

coping with all major disasters, consolidates the programs aimed at preventing and mitigating the effects of potential disasters with the programs designed to deal with these disasters once they occur; coordinates and plans for the emergency deployment of resources that are used on a routine basis by Federal agencies; and helps to coordinate preparedness programs with State and local governments, private industry and voluntary organizations.

This year FEMA is requesting $188,003,000 for emergency planning and assistance; $219,731,000 for State and local assistance; $325 million for disaster relief funds; $41,572,000 for the national flood insurance fund; and $117,553,000 for salaries and expenses.

I would appreciate it if you could summarize your remarks; we will be happy to place your entire statement in the record.

Please proceed.

INTRODUCTION OF ASSOCIATES

Mr. GIUFFRIDA. Thank you, Mr. Chairman. I have prepared a statement which I would like to read, but prior to that time I would like to introduce various members of my staff who are here to assist me in answering questions so that we have the detail the committee desires.

Mr. Fred Villella, Jeffrey Bragg, Lee Thomas, Steve Colgate, Dr. Charles Girard, Mr. John Brinkerhoff, and Dr. B. J. Thompson.

Senator GARN. You are organized, you are sitting in the place my chart says you are supposed to be. It is amazing how many witnesses have difficulty finding where they are supposed to sit. You are off to a good start.

Mr. GIUFFRIDA. I find that very encouraging, sir, this being the third anniversary of FEMA's birth.

OPENING STATEMENT

Our budget reflects several very important Presidential initiatives for FEMA's programs and functions. They include:

A determination to significantly enhance our Nation's civil defense capabilities over a 7-year period beginning in 1983;

A decision to discontinue funding, effective September 30, 1982, for some of the programs previously carried out by the U.S. Fire Administration. The training and education programs of the National Fire Academy at Emmitsburg, Md., will be continued and enhanced;

A decision to seek no further extensions of authority to write contracts under the Urban Property Protection and Reinsurance Act of 1968 for crime insurance and riot reinsurance, with current contracts fully honored until expiration;

A decision to continue to apply 75/25 percent sharing of costs for public assistance under the Disaster Relief Act; and

A determination to revitalize programs and policies in Federal executive departments and agencies for national mobilization readiness and the continuity of civil and constitutional government.

Also, we have made other important program and organization decisions which are outlined in our justification of estimates volume and which we want to review with the committee during these hearings.

Our total request is for $891,859,000 in budget authority, $965,730,000 in outlays, and 2,412 permanent full-time equivalent positions. Compared with the fiscal year 1982 estimates, this is an increase of $141,568,000 in outlays and of 207 permanent positions. The budget authority decrease of $24,097,000 is the net effect of a reduction of $286,668,000 in the estimate of funds required to repay Treasury borrowings which sustain the operations of the national flood insurance fund, combined with significant increases in other accounts. Our $325 million request for the disaster relief fund is an increase of $23,306,000 over the 1982 level. The emergency planning and assistance appropriation request is for $188,003,000, an increase of $120,097,000 over the current year. The State and local assistance appropriation request increases by $98,578,000, from $121,153,000 in 1982 to $219,731,000 in 1983, and our salaries and expenses appropriation request rises from $96,963,000 to $117,553,000.

These increases are significant, not only because they stand out in a year of generally declining budget requests, but also because they reflect fundamental commitments of this administration to enhance the Nation's defense posture and preparedness, to support greater State and local level responsibility for those programs and activities which can be more effectively managed at those levels, and to assure the most effective use of funds expended by the Federal Government.

As you know, Mr. Chairman, we realined many of FEMA's activities last year, for the purpose of grouping like functions in particular organizational units. The organizational realinement dovetailed with Congress' revision to FEMA's appropriation structure. As a result, there is now a high degree of correlation between our management and our appropriations structure. For overview purposes, however, it is still useful to talk about FEMA's activities in broad program terms. I would like to take a few moments to present significant aspects of our 1983 request by the general program categories of civil defense, Federal preparedness, hazard mitigation, disaster relief, and Federal insurance.

CIVIL DEFENSE

Regarding civil defense, our request for the civil defense program in 1983 is $252,340,000, including $32,198,000 in the salaries and expenses appropriation, and 687 permanent positions, an increase of $119,086,000 and 105 positions over the current year. This committee has been aware of, and expressed concern about, the fact that the Nation's civil defense efforts have not improved significantly over the past 20 years. Indeed, when the effects of inflation are taken into account, the annual level of resources devoted to this activity has actually decreased since the 1960's. The program to be supported by the 1983 request will halt and begin to reverse this trend. It is the beginning of a 7-year, $4 billion effort to develop and install a credible civil defense system. The program proposed by the President will:

One, enhance deterrence and stability in conjunction with our strategic retaliatory and other strategic defensive forces;

Two, reduce the possibility that the United States could be coerced in time of crisis;

Three, substantially increase the portion of the U.S. population expected to survive in the event of a nuclear attack preceded by strategic warning, and provide for continuity of government should deterrence and escalation control fail; and

Four, provide, on a daily basis, improved ability to deal with natural disasters and other large-scale domestic emergencies.

In past years, this committee has been very clear in its criticism of funding civil defense at a maintenance level in the absence of a commitment from the executive branch to present a multiyear program and to request necessary resources to achieve meaningful goals. This commitment has been made. A multiyear program has been proposed. The funds requested for 1983 will allow us to add to and improve upon the quality of the very limited capabilities that now exist.

FEDERAL PREPAREDNESS

Our request for Federal preparedness program activities increases by $90,758,000 in fiscal year 1983, to $117,314,000. An amount of $31,187,000 is estimated for associated salaries and expenses costs. This increase is necessary both to provide for implementation of the systems and procedures necessary to counter the threats which we currently face, and to remedy years of neglect in the critical areas of mobilization planning and emergency management of resources.

HAZARD MITIGATION

In regard to hazard mitigation, the broad category of hazard mitigation includes activities of flood plain management, comprehensive emergency preparedness planning, radiological emergency preparedness, the Emergency Information Coordination Center, and the noncivil defense training programs.

Our request of $53.6 million for flood plain management activities is an increase of $2.6 million over the amount appropriated for fiscal year 1982. However, because of other 1982 requirements, we anticipate that only $36,956,000 will be available from this activity in the current year. Under these conditions, we are continuing studies that were underway at the beginning of the year, but we will not begin any new studies in 1982. The 1983 request will enable us to initiate 112 new studies as well as to continue current efforts.

We are proposing an amount of $4,202,000 for our comprehensive emergency preparedness planning activities in fiscal year 1983, an increase of $3,084,000 over the current estimate for 1982. These funds support FEMA's planning and preparedness support to State and local governments in the area of natural and technological hazards, including earthquake hazards reduction, dam safety, and hazardous materials and terrorist incidents. In fiscal year 1982, these funds were appropriated under "Emergency planning and assistance." Our 1983 request reflects a proposed transfer in the estimates to place the activities which they support in the appropriation to which they are most functionally related.

Additionally, consistent with past practice, we are proposing to use $2,225,000 in funds appropriated for disaster relief to support certain activities in this area.

Our 1983 request for radiological emergency preparedness is $4,089,000 in program funds, an increase of $1,005,000 over the amount presently available for fiscal year 1982. Concurrently with the presentation of this budget, the President requested a 1982 supplemental appropriation of $2,408,000 for this program, $1 million for salaries and expenses, and $1,408,000 for the State and local assistance appropriation. This additional amount is urgently required if FEMA is to meet its commitments for offsite emergency response planning around commercial nuclear power stations and Department of Defense and Department of Energy facilities. As you know, State and local government development and maintenance of offsite emergency response plans and capabilities are critical requirements for commercial nuclear power facilities to receive or retain operating licenses.

The Emergency Information Coordination Center is a new account in 1983. The request for $1.5 million in program funds and $240,000 in salaries and expenses is necessitated by a requirement given to FEMA by the National Emergency Management Authority to develop and maintain a facility to provide timely information on emergency situations on a 7-day-a-week, round-the-clock basis.

During 1981, as part of FEMA's realinement, I created the National Emergency Training Center which provides a single management umbrella for the operations of the Emergency Management Institute and the National Fire Academy. For training and support activities of the National Emergency Training Center, exclusive of civil defense, we are estimating 1983 requirements of $6,887,000, an increase of $742,000. The increase relates to the development of additional courses and needed facility improvements.

Finally, the fiscal year 1983 budget proposes the elimination of funding for the U.S. Fire Administration. The Federal assistance provided by the USFA has been, to a large extent, seed money which has been magnified many times by the State and local governments and private sector contributions. While the U.S. Fire Administration will no longer play a coordinating role in the Nation's fire prevention and control programs, FEMA is still strongly committed to the reduction of the Nation's loss of life and property due to fire. This decision refocuses Federal activities by continuing research efforts of the National Bureau of Standards and by continuing and expanding the training activities of the National Fire Academy. The Federal assistance formerly provided by U.S. Fire Administration should now be replaced by State and local governments, the private sector, and the fire service organization.

DISASTER RELIEF

In fiscal year 1983, FEMA is requesting $325 million for the disaster relief fund. During recent years the FEMA request to the Congress for these program funds has been based on an average of 5 preceding years of obligations, reduced by the carryover of such obligating authority es-

timated for the end of the current fiscal year. The committee is aware that we are now in the spring flooding season and that during the remainder of this fiscal year we can expect the heaviest requirements for disaster relief funds. Our present forecast is that approximately $192 million will be unobligated by the end of 1982. This amount, plus the requested $325 million appropriation, would provide about $517 million for obligation during 1983. Considering impacts of inflation on the 5-year average of annual obligations and the uncertainties involved in estimating the $192 million carryover, the 1983 request of $325 million is needed to meet the Agency's expected requirements. Necessarily, our request takes into account a continuation of the 75/25 percent cost sharing applied, in general, to disaster relief for public assistance projects. FEMA is working with the Congress to have this practice reflected more clearly in the Disaster Relief Act.

FEDERAL INSURANCE

The Federal Insurance category contains two accounts: the national flood insurance fund and the national insurance development fund. In fiscal year 1983, FEMA is requesting $41,572,000 for the national flood insurance fund to partially repay prior borrowings from the Treasury. The fiscal year 1983 request is a decrease of $286,668,000 from the fiscal year 1982 appropriation. Although the fiscal year 1983 request represents a significant decrease from fiscal year 1982, it is anticipated that there will be sufficient resources to pay all valid claims. The most significant aspect of this request is that in both fiscal year 1982 and fiscal year 1983, FEMA is requesting that the administrative cost of 50 positions for managing the insurance portion of the national flood insurance program be financed through the fund. This change is proposed so that the fund supports virtually all costs of the program. If the Congress approves this proposal, this will partially reduce the Agency's need for additional funds to finance the October 1981, 4.8-percent pay raise and subsequent increases in executive salaries.

The second account within this category is the national insurance development fund, which supports two programs: Riot reinsurance and Federal crime insurance. Both programs will expire on September 30, 1982, and the administration is proposing that the programs be discontinued at that time. The rationale for terminating riot reinsurance is that there is a ready availability of this coverage, at economical rates, in the private market. The Federal crime insurance program has not, in our view, generated sufficient nationwide interest to justify its continuation as a national program. Over 70 percent of the policies are written in three States, with many States having minimal or no participation at all. We believe the program can be better handled at the State level and are recommending its termination in September 1982.

SUPPLEMENTAL REQUESTS

We currently have two supplemental requests pending for 1982 to provide both administrative support, amounting to $1 million, and $1,408,000 for program funds to cover an increased radiological emer-

gency preparedness program. These supplementals will provide the required technical support services to accomplish preparedness reviews for nine operating stations and accelerate the development of the radiological monitoring instrumentation critical to the REP response for Federal, State, and local activities.

We are also requesting a supplemental transfer from State and local assistance to salaries and expenses in 1982 to partially offset the effects of the October 1982 4.8-percent pay raise and the increase in executive salaries. We propose to transfer $1 million from the civil defense radiological defense activity, and $1,084,000 from flood plain management to meet the effects of these increases. These supplemental transfers, in conjunction with our proposal to cover administrative costs of the national flood insurance, should cover the full effects of the increased pay cost in fiscal year 1982.

SALARIES AND EXPENSES

FEMA's fiscal year 1983 request for salaries and expenses is $117,553,000 and 2,412 permanent, full-time equivalent positions. The request is reflected in two program categories—program support and management and administration.

The program support category provides the salaries and expenses for the activities of civil defense, Federal preparedness, flood plain management, fire prevention and control, civil emergency preparedness, training, and education, and disaster relief activities. The sum of $85,573,000 is requested in 1983. This is an increase of $17,467,000 over 1982 and represents the funding necessary to support the President's desire to enhance the Nation's civil defense systems.

The management and administration category provides the salaries and expenses necessary to provide for the direction of the Agency and the central support activities necessary for the daily operation of the Agency. The sum of $31,980,000 is requested in 1983. The increase of $3,123,000 represents increased central support for the enhanced civil defense activities and uncontrollable increases in housekeeping and administration expenses.

In conclusion, the request before the committee will support the President's commitment to improve the country's national defense and security posture. It continues important Federal programs which contribute to comprehensive emergency preparedness throughout the Nation. Finally, it eliminates programs which we believe are better performed by State and local governments or the private sector, or programs we can no longer afford.

Thank you, Mr. Chairman. My staff and I will be pleased to answer any questions you or other members of the subcommittee may have.

Senator GARN. Thank you, Mr. Giuffrida.

Senator Leahy, I understand you have a time problem. If you want to start the questioning, please go right ahead.

Senator LEAHY. Thank you.

Senator GARN. I have to stay; you do not.

Senator LEAHY. You have found now the one disadvantage of being in the majority.

Senator GARN. I would say, however, the advantages far exceed the disadvantages.

CIVIL DEFENSE AND NUCLEAR WAR

Senator LEAHY. Having served on the D.C. Committee, I am not even so sure there are advantages.

I have no questions about FEMA's role of helping out in floods and things of that nature of which we are all in favor. Instead, I would like to ask questions on civil defense and nuclear war. I would ask one question right off the bat. Is an all-out nuclear war winnable by the United States?

Mr. GIUFFRIDA. I do not think there is any winner in a nuclear war, Senator.

Senator LEAHY. I agree with you. I disagree with what Vice President Bush said in an article in the Los Angeles Times. When asked, How do you win in a nuclear exchange? he said, "You have a survivability of command and control; survivability of industrial potential; protection of a percentage of your opposition that it can inflict upon you. That's the way you have a winner." Do you agree with that?

Mr. GIUFFRIDA. I would agree you should have in place programs which would give assurance that in an emergency you could retain continuity of government and protect the majority of the population, but I do not equate that with stating you could win a nuclear war.

POPULATION PROTECTION

Senator LEAHY. Can you protect a majority of the people or a majority of your population in a nuclear war?

Mr. GIUFFRIDA. I think the program we have outlined would increase the chances of protecting about 80 percent of the population of the United States.

Senator LEAHY. So you would protect, with this program you would protect between 160 to 170 million people?

Mr. GIUFFRIDA. Between 70 and 80 percent of the population.

Senator LEAHY. By "protecting," how do you define that?

Mr. GIUFFRIDA. I define "protect" essentially as taking them on a planned basis from high-risk areas to safer areas, and providing shelter, food, health care, and so on.

Senator LEAHY. Well, would New York City be a high-risk area?

Mr. GIUFFRIDA. I would say "Yes."

Senator LEAHY. Have you ever been in downtown New York City and tried to catch a cab to the airport on a rainy day at about 5 o'clock in the afternoon?

Mr. GIUFFRIDA. Yes, I have, Senator.

Senator LEAHY. Have you had much trouble in getting out to the airport?

Mr. GIUFFRIDA. Yes; but I was not part of a plan.

Senator LEAHY. Some of the people in New York City might disagree with you. The transit authority would say they have a plan, and it is a plan that requires only a small proportion of the people to leave each day.

But what if you had to have all the people leave at once?

Mr. GIUFFRIDA. You would have a real mess.

Senator LEAHY. Well, if the word came out over a couple of popular TV and radio stations that there was a nuclear attack on its way and we want you to evacuate according to the plan, whatever it might be, do you think there might be a sense of urgency among the people wanting to leave?

Mr. GIUFFRIDA. Are you recreating Orson Welles' 1938 radio program?

Senator LEAHY. No. If the word came out there was a nuclear attack on the way, what would happen?

Mr. GIUFFRIDA. Well, if the word came out at the start of the period in which we are developing the plan rather than at the end of a reasonable period of time into the program, the reaction of part of the people would be far less predictable and less controllable than it would be if they had the benefit of a well-organized, well-orchestrated, well-implemented, thoroughly understood program that the Government is putting together.

Senator LEAHY. Let us talk about that well-orchestrated plan. What do you mean by "orchestrated"?

Mr. GIUFFRIDA. That does not suggest anything improper. It means properly implemented.

Senator LEAHY. What do you mean by "properly implemented"?

Mr. GIUFFRIDA. The plan presumes that all levels of government have been properly briefed, understand the relocation routes, the host areas, the mechanisms that will be in place for the emergency broadcast systems and other alert systems, and the phasing-in of the plan on the basis of strategic warning.

Senator LEAHY. Would you avoid things like mass traffic jams?

Mr. GIUFFRIDA. I do not think the plan ever presumes you would totally preclude spontaneous evacuation, Senator.

Senator LEAHY. Would it be a plan like you might use for other things, in anticipation of a flood, for example?

Mr. GIUFFRIDA. Yes.

Senator LEAHY. Or in anticipation of an airplane crashing into the 14th Street Bridge, so that we would have enough time for an orderly, careful evacuation with no traffic jams.

Mr. GIUFFRIDA. I would not put the 14th Street Bridge crash and preparations for response to a flood in the same category. There was no warning the 14th Street Bridge would be hit by that aircraft.

STRATEGIC WARNING

Senator LEAHY. Would you think that the Soviets will help us with this well-organized plan by giving us ample warning? If our plan takes 10 days, for example, are the Soviets keyed in to that to give us 10 days' warning?

Mr. GIUFFRIDA. Senator, I do not think it is appropriate to consider any portion of the Government's plan for operation in isolation from the rest of the systems that the Government has at its disposal. We have in place a variety of means to keep us reasonably well appraised of what is going on throughout the rest of the world. There are some common denominators. We know what is going to happen. If we saw some other nation starting to evacuate, for example, I would think it would attract our attention here. There is for all governments, in my judgment, a requirement to make plans that will protect the lives and property of its citizens. No government is prepared to accept loss of its citizens.

Senator LEAHY. Now wait a minute here. I absolutely agree with you that the Government should provide plans so it does not lose its citizens. I am not sure this is the way. If we are facing an all-out nuclear attack in the United States, how many days' warning do you have to have to be able to make your plans, assuming your plan is implemented with the cost of several billion dollars, how many days' warnings do you have to have to make it work?

Mr. GIUFFRIDA. It depends on the area we are trying to evacuate.

EAST COAST EVACUATION

Senator LEAHY. Let us take the east coast megalopolis from Boston south to Washington, including Philadelphia. I will have questions for some of the other areas. I do not want to sound parochial, but let us take that area.

Mr. GIUFFRIDA. I would say as a general answer, 5 days.

Senator LEAHY. And you think if the Soviets are going to an all-out nuclear attack, that they will give us 5 days' notice?

Mr. GIUFFRIDA. If you are asking if this plan could be implemented immediately without prior warning, the answer is "No." But if you are asking if it is possible for the Soviets to launch an all-out nuclear attack on the United States without our being able to discern it in advance, the answer is also "No," in my judgment.

Senator LEAHY. So you have closed that window of vulnerability, because we hear from the White House they assume they can. I am delighted to hear this. I am sure it is going to raise some eyebrows at the White House, but tell us more.

Mr. GIUFFRIDA. I see I am not articulating well enough, Senator.

I heard you ask two questions. One question was, If there was no prior warning and the Soviet's or any other nation's missiles began to land on the United States, would the plan be effective and implementable. Right now, we do not have the plan we are describing.

Senator LEAHY. But your answer was you did not think they could launch an attack?

Mr. GIUFFRIDA. My answer is I do not think it is possible or appropriate to consider this portion of the Government's national preparedness plans in isolation from the other systems that the Government has at its disposal, such as our allies, that would give us a reasonable strategic warning in my opinion.

Senator LEAHY. But going back again, much of what we are told about is based on a surprise attack.

Mr. GIUFFRIDA. No; I think the window of vulnerability is intended to describe something less than a totally satisfactory program or state of readiness in this Nation to sustain any emergency, particularly the most terrible of all emergencies—war.

Senator LEAHY. Well, perhaps you have been told that the window of vulnerability is something different than the chairman and I have been told who serve on the Intelligence Committee. We hear it described—I am not giving out classified information here—as that the United States is facing a surprise attack.

Is that one part of the window of vulnerability? I am sure the plan will vary from region to region. Generally evacuation requires little planning. In some areas, the Midwest evacuation is feasible because fallout shelters might mean longer distances. In areas of evacuation between Boston to Washington, and San Francisco to Los Angeles, where there are 10 million people, evacuation may prove impossible.

Senator GARN. Would the Senator yield? I was going to be quiet, but since you mentioned the chairman, I must comment on your last statement.

Pat knows that he is one of my closest friends in the Senate. However, I am just a little puzzled by your line of questioning, not your criticisms of the specifics of the plan, since I am not sure that I agree with all of the specifics of the plan, but of your criticism of the administration because the program has the word "defense" in it. Any program dealing with defense is immediately attacked. I see members of the press here today that normally do not attend these hearings, who were obviously prepared for this line of questioning.

I have been a member of the Intelligence Committee and Defense Appropriations for 5 years, and I do not know of anybody, I do not care if it is GAO, another agency, or a private citizen, who believes the Soviet Union would launch a surprise attack and, therefore, our response time would only be 22 or 25 minutes. I do not think that it is possible for this nation or any other nation to do that, unless they are totally irrational.

If the Soviets decided to attack us, we would know about their plans through our intelligence gathering sources. This information would be relayed to us and our civil defense plan would be triggered.

I can understand questions about the detail of the plan. However, the fact we have ignored civil defense for decades, I do not understand your criticism or the criticisms I have been reading from the press that we should do nothing and hope nuclear war never occurs. Nobody wants that more than I with six children and another on the way in June. I don't understand how you can say we should take no preparation, we should not try to consider something in the scenario that does take us several days to develop for an attack, that we should not try to save some of our fellow human beings and preserve some continuity of government or that a plan that might be a deterrent to the Soviets should be developed.

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Senator LEAHY. If you would yield on one point here, because I do not want you to misunderstand me. I also agree that with the present state of the nuclear readiness in both countries, that the kind of surprise 20- to 30-minute attack could not and would not occur. I also feel, as I have said for years, that if we go over to the next generation, or at best the generation after that, to nuclear weapons with hair trigger readiness, then we are talking about the possibility of that, quite possibly under an accidental war situation. In fact, if we go into the next generation of nuclear weapons on both sides, nuclear war becomes an absolute out and out probability, and that, not necessarily because either side attempts it, but by accident. If by chance our fail-safe computers make a mistake that says a missile attack has been launched, and we are at a situation where we must launch on alert, then off we go.

We could say, of course, that would never happen, but as we know, as has been reported in the press, those computers have made a mistake a couple of times. We also know from the published reports in the press that this has happened and we could go down through all the other things that have happened.

So to that extent, it is not a moot point. Again——

Senator GARN. If you could yield——

Senator LEAHY. I do not believe either side is about to launch a sudden attack. To that extent, the window of vulnerability is farsical.

Senator GARN. Let me make a minor objection, and I will let you finish. I want to make it clear that I do not subscribe to what my friend says that nuclear war becomes a probability. I do not believe that as long as we maintain a sufficient deterrent, I think war can be deferred, and as long as we proceed as rapidly as we can toward mutual reductions in nuclear arms. I am not one that thinks there is a possibility. I hope that we would proceed, again not endorsing any particular plan, but I would hope we could correct some of the errors of the past and proceed with logical planning.

I went to school for 25 years and we conducted fire drills and we never had a fire, thank goodness. I spent 25 years in the military practicing emergency procedures and never had to use any of them. However, the philosophy that some people have that we should not do anything about civil defense, we should have no plans, I do not understand that. It seems to me we ought to at least try to have a civil defense plan and then do other things, such as arms control reductions to prevent nuclear wars. Therefore, even if we would never have to implement the plan, I don't think the money would go to waste.

I will not interrupt you again.

Senator LEAHY. I might point out a couple of things. I am glad you had those fire drills. We did in Vermont too, and I cannot speak for you, but I know we had a lot more fires than nuclear attacks, so I felt the fire drills were well worthwhile.

I do not think you and I are disagreeing. You said you do not think it would be appropriate if we go through rediscussions. I think the lessons of probability are substantial. What I am saying is, if we continue

this massive buildup on both sides, if we go to generations of weapons in the future or to those already in the planning stage, weapons would be, by their very nature and by the counterforce situation created of the hair trigger readiness, then I think we have reached the point where nuclear war becomes probable, either intentionally or accidental. I suspect in all likelihood accidental, but I do not think there will be any historians around to determine if it is accidental or intentional.

But I agree very much that that very pessimistic sense of Armageddon is diminished if we have the sense to start reducing nuclear weapons and reducing them substantially.

CRISIS EVACUATION

Let me go back to my original question on the OTA report; are they correct? When they say evacuation in the Washington-New York corridor relocation area is impossible, are they correct in that?

Mr. BRINKERHOFF. No, sir; we do not believe they are correct. The whole basis for planning to relocate a population is where you would prefer to have the people during the attack. If you leave the people where the bombs hit, then in order to save their lives you have to provide blast-proof shelters. It is cheaper, and right now we believe a good deal easier, to remove the people from the places where the bombs would hit. This means we would like the people during the attack to be away from the cities and in the rural areas. If that is where we would like them to be, then it becomes a serious and complex, but manageable, planning problem, given the time, to have them move from the cities to the country, the rural areas.

Many of these people would move instinctively into the countryside if they believed an attack was imminent. We believe it is better to have this movement under a positive planning situation and under control by local authorities, rather than have them move in a chaotic and panic-stricken manner.

Senator LEAHY. With all due respect, Mr. Brinkerhoff, I do not doubt your sincerity, but I have recently had somebody do a paper flow operation in my office, and in hearing you talk, it seems like I am listening to the same person talking. I do not mean that as a criticism of you, sir. Have you ever seen the movie Dr. Strangelove?

Mr. BRINKERHOFF. Yes.

Senator LEAHY. Do you ever, as you look through these plans, get a Strangelovian feeling?

Mr. BRINKERHOFF. I did not think the movie was very good, sir.

Senator LEAHY. I am not surprised.

Mr. BRINKERHOFF. But, Senator——

Senator LEAHY. Again let us use New York as an example, and I am not doing this to be parochial, but an area I am most familiar with.

According to this chart here, we have this high-risk area, and here is New York City, it is one of the high-risk areas. My own hometown of Burlington, Vt., is also high-risk area, the only one in Vermont, as a matter of fact. Some of us in Burlington, to quote Mark Twain, "If it was not for the honor, we would just as soon walk," but it is worth something.

Now, taking New York City, where would people—this whole megalopolis part seems to be covered, it seems, Senator Garn—the black area is not big enough for Utah, you have Hercules Air Force Base, 90 percent of the nerve gas storage, it is not fully accurate for our flow of——

Senator GARN. You are speaking about——

Senator LEAHY. You have this whole megalopolis area; where are they going to go? Is Vermont an area?

Mr. BRINKERHOFF. Yes; they will move into the countryside moving generally away from the risk area.

Senator LEAHY. Your other chart shows fallout distribution areas, and I cannot even find Vermont under that distribution fallout. Is there anything going to happen after these bombs hit?

SHELTER AREAS

Mr. GIUFFRIDA. May I ask Mr. Thomas to talk about shelter areas?

Mr. THOMAS. The specific plans being developed are being reviewed by State and local planners in each one of the jurisdictions. Priorities have been given to some areas. One of the things we are requesting in this budget is an increase in the number of planners and resources for those planners to complete the plans as quickly as possible for areas like New York City. But specifically back to your question, the concept is not only to relocate the population into host areas, like out of New York into the more rural areas, but once they are there, to provide for shelters and fallout protection as well. The plans include supporting systems for the individuals while there, including radiological defense, instruments for measuring radiological hazards, as well as food and water, to enhance the capability to survive during the period fallout is a danger.

Senator LEAHY. How long is that going to be?

Mr. THOMAS. It depends on the level of fallout. Fallout distribution patterns are based on certain winds. There may be other winds that blow it a totally different direction. It depends on the type of attack, whether it is an air burst, ground burst, and how many ground bursts you have. Fortunately, the fallout breaks down fairly rapidly. You could be in a shelter from 1 day to 14 days. It just depends on what happens.

Senator LEAHY. Let me talk to you a little bit about that. According to the letter I got from the Vermont Civil Defense Office, they said that Vermont would receive 675,000 people if there is a threat of nuclear attack. Vermont is a State with about 250,000, so to put it in perspective, this is more than doubling the population. We import 85 to 90 percent of our food, 100 percent of our petroleum. How long will we last?

Mr. THOMAS. Parts of the plans being developed for each one of the host areas address the problems of food, shelter, and direction and control. The concept is to try to take a very complex problem and break it down into manageable components, develop plans to deal with each one of those components and develop the capabilities of the local and State officials to implement that plan.

Mr. BRINKERHOFF. May I say something here?
Senator LEAHY. Go ahead.

NEED FOR PLANNING

Mr. BRINKERHOFF. I think the point is that the people would arrive in Vermont with or without a plan. We think it would be better to have a plan than not to have a plan. It would take about 4 days to evacuate New York City with a plan, but it is possible that millions of New Yorkers could never get out if we did not have a plan.

Mr. GIUFFRIDA. Senator, if I may, I think it is important to point out here that we are certainly in agreement that every rational human being on the face of the Earth should be doing everything he or she can to prevent the possibility of a nuclear war, and I stipulate that if we were absolutely assured that the United States would never be attacked, then we would not need any kind of a program. But because the possibility continues to be much greater than zero and we do not have that assurance——

Senator GARN. Could I interrupt here. I think we are woefully inadequate in taking care of floods, hurricanes, tornadoes, and other natural disasters because of lack of planning capabilities. This was certainly true in Salt Lake City when I was mayor. It is true we had black and yellow signs and shelters with old stale water and dehydrated crud in the basement of city and county basements and subways. Again, I have not looked at your plan closely enough as to whether it is good or bad. But the philosophical concept I am hearing is, are we supposed to do nothing, Pat, just stick our heads in the sand?

Senator LEAHY. No; but I would love to see as detailed a plan toward some kind of control in nuclear weapons for our people as I see in planning for defense.

Senator GARN. So would I, but in the meantime, should we not go ahead with both?

Senator LEAHY. Let me just——

Mr. GIUFFRIDA. May I finish my statement?

Senator LEAHY. I thought you had.

Senator GARN. No; I interrupted him.

Please continue.

Mr. GIUFFRIDA. We are not in disagreement. We would need a plan only for war. As a matter of fact, this budget of ours addresses the things you are talking about. It is designed to protect the population from a lot of other things. It is what Congress wrote into the Civil Defense Act.

So that what I started to say, Senator Leahy, in this nuclear war context, if we were guaranteed and could believe we would never need to be prepared to defend the population, we would not be putting our planning into this area; but we do not have that assurance.

Senator LEAHY. Of course we have another reason you are before us—this committee as compared to any of the others—is the cost of it too. We are talking about a 7-year, $4 billion program. We are cutting

money to protect the environment, to protect human needs, by 40 or 50 percent; but we are increasing civil defense spending by 90 percent. I suspect some of my constituents will want to know the answers to these questions.

STRATEGIC STOCKPILE

You do have a plan, I understand that. Am I correct you increase the strategic stockpile of opium, is that part of the plan?

Mr. GIUFFRIDA. That is right; it is in the GSA budget. We just provide the guidance to them.

Senator LEAHY. But that is planning?

Mr. GIUFFRIDA. Yes; to look at all of the stockpiles.

Senator LEAHY. But is that part of the plan?

Mr. BRINKERHOFF. Not part of the plan to respond to nuclear attack, but it would be useful to have morphine. The stockpiles are based upon strategic materials needed in the event the Nation were forced to mobilize to wage a conventional war and overseas supplies were cut off.

EDUCATIONAL MATERIALS

Senator LEAHY. Is another part of the plan a teacher's guide for children from kindergarten through grade 3 where they have a little coloring book to color in what they need in a shelter.

Mr. GIUFFRIDA. I will pass that over to Mr. Villella.

Mr. VILLELLA. Senator, you refer to the pilot program for training and education in the schools, kindergarten through grade 12, being conducted as a pilot test this year. That program has yet to be evaluated. The evaluation will take place this year.

Senator LEAHY. I see. Well, you let us know exactly how your evaluation shows, how useful this coloring book for these children will be.

Mr. VILLELLA. Certainly.

Senator LEAHY. Thank you.

CHANGE OF ADDRESS CARDS

Now, the U.S. Postal Service emergency manual states, "Persons ordered to evacuate as part of prehostilities, mass population evacuations are considered as displaced persons."

Does that mean they will be refugees?

Mr. BRINKERHOFF. Not refugees. The Postal Service has a well considered plan to provide directory assistance to those people leaving their homes to go into other areas where they will be living in communal care facilities or with other families. They would be able to notify the postal authorities so that mail, if mail is still going on, would be available to them. More importantly, this system would provide a record of the location of the people so that we would know who was in the host areas.

Senator LEAHY. Let me read a sample from that. It is Butler, Miss Mabel Jane, 2501 Upton Street, Washington, D.C., pre-emergency address, present address, deceased, mortuary No. 10, Falls Church, Va.—and so on, and the instructions would be completed by welfare personnel for District of Columbia casualty, et cetera, et cetera.

If we have a nuclear attack, these social—do you envision social workers making out this change of address card?

Mr. BRINKERHOFF. I envision that government personnel and volunteers and citizens of all kinds would endeavor to maintain as much of society and our institutions as would be possible under those horrible situations.

Senator LEAHY. For saving the society these little forms to fill out, Postal Service Form 109?

Mr. BRINKERHOFF. It would be very useful.

ALTERNATIVES TO PLANNING

Mr. GIUFFRIDA. It is possible to cut up any plan, particularly some that were written years ago under programs that were partially funded. But I think it is important to come back to the starting point; is it better to have a realistic, long-term plan that is achievable to address this particular type of emergency, while using every effort we can to preclude the emergency; or to have no plan at all? I am a little puzzled as to the alternative. I agree, it would be better to abolish nuclear weapons. But failing to do that, it seems to me that this is a reasonable, and both legally and morally prudent, action to take in compliance with the intent of Congress which not only passed the Civil Defense Act, but, I believe, revised it twice, while also following the intent of Congress to sharpen up to make more efficient the preparation for and response to signal other emergencies and disasters.

Senator LEAHY. I have no problem in signaling emergencies and disasters, only that I sometimes think when we get another duplication—and the chairman has probably seen this more in his capacity as a mayor than I did as a former district attorney—but sometimes we build in so many groups that for one reason or another, politically, economically, or whatever, all have little parts and it ends up with nobody doing it well.

But my basic concern—you go down through and I see all these careful things, increase opium, we will have little change-of-address cards for those in the mortuary in Falls Church, and we have all these other things, you can nitpick back and forth.

REDUCING NUCLEAR THREAT

But I would feel more comfortable if I thought the country was spending money in trying to develop a plan to make this not happen because, quite frankly, I do not think there will be a war that is winnable, and I think you can have all the plans you want, and they are just going to be illusions, they will delude this country to thinking we can survive a nuclear war, and we might end up by doing that, we may lose the impetus to try to get some control over these weapons. The same analysis applies to the Soviet Union. Civil defense diverts people from the needs of their own country, internal needs, whether political or economic needs. I do not mean this as a criticism of you, you are doing your job, but by God we are doing so much talking about civil defense, when we should be talking about nuclear war, and how to avoid that.

Mr. GIUFFRIDA. May I respond?

Senator LEAHY. Yes, of course.

Mr. GIUFFRIDA. I think approximately $1.12 per citizen per year in preparation for something we hope will never happen, in conjunction with your own and the rest of the Nation's efforts to preclude nuclear war and abolish nuclear weapons, is both reasonable and proper.

Senator LEAHY. I will yield, but I have other questions.

Senator GARN. I would, frankly, like to conclude; I have 90 pages of questions, and I hope I have been fair with the time.

Senator LEAHY. You have been more than fair.

Senator GARN. We still have the Selective Service scheduled to appear this morning. I do not want to cut you off, but I think in allowing you the last 45 minutes, I have not. I would appreciate it if we could conclude and hear testimony from the Selective Service.

Senator LEAHY. Mr. Chairman, I will have more questions to put into the record, and I do appreciate the Chairman's——

Senator GARN. We usually operate back and forth.

Senator LEAHY. I appreciate the courtesy of letting me continue. I will be willing to yield 45 minutes to you and then go back——

Senator GARN. I do not plan to take 45 minutes.

Senator LEAHY. In the unclassified version of the National Security Decision No. 26 directive, it says that,

> U.S. civil defense program will: Enhance deterrents and stability in conjunction with our strategic offensive and other strategic offensive forces. Civil defense, as an element of the strategic balance, should assist in maintaining perceptions that this balance is favorable to the United States and reduce the possibility that the United States could be coerced in times of crises.

Arguments could be made that might not have a lot to do with saving command and control.

U.S. DISARMAMENT

Senator GARN. If I could take advantage of being the chairman, I would like to say one thing in response to Senator Leahy's statement about trying to reduce the threat of nuclear war.

Again, I do not understand how preparations would divert us from that goal. There are those of us who are, it is said by some, for war because we are not for people's particular plans on the freezes being proposed.

When World War II ended, we were the only nation on the face of the earth who, if we had wanted to, could have ruled the world. We were the only country in the world that had nuclear weapons. We had more than 12 million men under arms, we had the most vast army, navy, air force, marines, coast guard ever known on the face of the Earth. Japan was devastated and so was Europe, and they had no capability to fight. Russia had lost 20 million of their citizens and they were devastated from Leningrad through all of that bitter campaign with the Germans.

We chose to disarm dramatically and we disarmed quickly and then got caught with our pants down again in Korea. Not only did we not

seek territory and choose to control other people, we reconstituted Japan, gave them back their independence, gave away territories that we had owned, the Philippine Islands were given independence. This was true all over the world.

The other side of the coin that many fail to recognize is that the other side started building weapons as rapidly as they could and has never pulled out of any of the countries that they occupied. Now we have Afghanistan and Central America. The United States has got a record of being the most generous and couregeous country in the history of mankind. Not only have we provided a higher standard of living for our own people, but we also shared more of our wealth and taxpayer's money than any country ever has with people of all kinds, all nationalities, all colors, and all races.

In 1969 we made a unilateral decision to employ not more than 54 Titan missiles, and today the only difference is that we have 53 Titans because one blew up.

While we have been arguing about an MX, the Soviets built the SS17 with four warheads, SS18, and SS19. The SS18 alone has more explosive powers than all our ICBM's combined. Three hundred and eight of them; 1 million tons of TNT each. Three thousand eighty war tons directed at this country, which is equivalent to 308 million tons. And the bombs dropped in Japan were 17,000 tons of TNT; and this is all a matter of record, not opinion.

We have not built a new ICBM. Besides the ones I just mentioned, they have more than four more under development. The Soviets gave us nothing for all this; the Backfire exists. We have seen tests in the last few months of a new bomber. And the record goes on and on. They exceed us in every category except one, aircraft carriers, and they should have stopped a long time ago if they wanted parity. I would have loved the freeze 10 years ago.

REDUCING NUCLEAR ARMAMENTS

Because of my opposition to SALT II, I think a lot of people feel I am opposed to arm's control. I am not; I would like to see vast reductions on both sides. I wish we lived in a world where nuclear weapons had never been invented, where we did not have to worry about nuclear weapons being launched from the ocean, and we had old battleships, but that is not the world of today.

We have been a barter society during our entire existence. Even in this committee and the Banking Committee we trade something for something else. In fact, during all the years I was in the minority, I knew the only way to get something out of Bill Proxmire was if I had something he wanted. If I want to buy a house, I have to have a down payment.

I wish somebody could tell me how to get rid of the SS18 and the Soviet's SS20's—it would be an incredible stabalizing influence to have those gone. I would be one of the first ones to say no funds for the MX or the Pershing or eliminate the B–1. We do not need pictures of Hiroshima. I was stationed in Japan and I do not know of anybody that enjoys those pictures.

When they say there has been a massive buildup on both sides and that there is an arms race, it really has been a one-sided race. The Soviets would not have been for a freeze 10 years ago because they were not ahead.

Now our freeze is a great deal for the one ahead. I did not intend to give a big speech, but it is hard to deter a Senator from talking. In all fairness, I will have to give Pat a couple of minutes to rebut.

Senator LEAHY. I find that very interesting. All these years I thought you were winning your legislative battles by sheer brillance and legislative skills. I never realized you were bargaining in the backroom with Bill Proxmire.

Senator GARN. You know how this body works.

Senator LEAHY. I am sorry you are as disappointed as you are, because we have not found a mode for the MX. I think somebody suggested Utah, but I know, again, your logic and brillance, yours and Senator Laxalt's, to keep it out of Utah and Nevada, and I agree with you.

Senator GARN. I do not care where you put it. Just so you do not build a system that costs $100 million and then you find it is not operable.

Senator LEAHY. But I hear how we are going to rearm America, but that leaves me with the impression that we have unarmed over these years. If that is the case, I suspect that sooner or later somebody down at the Treasury will say, "Where in the hell did those hundreds of millions of dollars go in the Defense budget over all these years if we have done nothing, if we have disarmed or not spent it in an arms race."

There are some, among 100 million or so of the taxpayers who assume they have $100 billion or so each year that went into the Defense budget that has gone to the defense of this country.

The point though that I leave you with is not a question of how many—if we have more warheads; they have more throw weight; we have better accuracy; they have more intermediate range of missiles in Europe. We have made a proposal and I applaud the President on it, to keep our missiles out of Europe if they will keep theirs out. He knew they would not accept it, but it was a good move. They made a move we cannot accept, but at least we are talking.

As an American, I find it discouraging that somehow because of the rhetoric, when you see these peace demonstrations—Leonid Brezhnev has become the good guy and we appear to be the bad guy—and as an American, I resent that, because I agree with the chairman, we have been the most generous nation on earth, we have taken steps after World War II to put so much of the rest of the world back on its feet. What concerns me is that some of the policies in this country are such it gives people an opportunity to make us look like the bad guys. And that, as an American, bothers me very very very much.

I hope at some point we stop sitting down and trying to determine who can destroy the other one how many times over, or who has the most ability to bounce the rubble that second or third time after war, instead of doing something that will assure we will not face nuclear

Armageddon by the end of this century. We all agree on that, and if we all agree on that, I cannot see why we cannot take more positive steps to bring it about.

I appreciate your willingness to let this go more than the normal rules of time. I think that there were so many areas we do agree, many expressed here, and I also think we have made the record and what I will ask, something that is going to be valuable to those who have expressed a great deal of concern, probably more valuable in this subcommittee than any others they will look at.

Senator GARN. I would suggest, Pat, we have no disagreement on what we want to accomplish or where we want to go; it is a difference in how. After reading about the wars in history, I have found that one war starts when one thought they could beat the other; that was true in World War I. I see no incentive for the Soviets to reduce their weapons unless we have something to give up that makes them feel more secure, and as long as they feel secure, we have made positive steps. That is what I was trying to point out. As a result of all the cutbacks during the last 13 years—through both Republican and Democratic administrations, that has not been reciprocated. If that had not taken place, I might be on board for a freeze. But I see no reason for the Soviets to give up something when they have our kindness and our generosity shown forth.

SUBMITTED QUESTIONS

Thank you gentlemen very much We appreciate your appearing before the subcommittee today. The remainder of my questions, as well as questions from Senator Huddleston and Senator Leahy, I will submit to you for your response in the record.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Garn

NATURAL HAZARDS - PREPAREDNESS PLANNING

Question: In FY 83, as part of the Natural Hazards Preparedness Planning Program, you intend to initiate an earthquake loss study of New York. In what areas across the country have earthquake loss studies been conducted?

Answer: Studies have been conducted in nine areas. They are: Southern California; Anchorage, Alaska; Hawaii; Salt Lake City, Utah; Boston, Massachusetts; Central U.S. (New Madrid, Missouri fault); Honolulu; San Francisco, California; and Puget Sound, Washington.

Question: How many areas remain to be studied?

Answer: Five: Charleston, South Carolina; Central U.S.; New York; San Diego, California; and Puerto Rico.

Question: When do you estimate the study of New York will be completed?

Answer: The New York study will be started in 1983 and should be completed in 1984.

Question: What will be the estimated cost of this study?

Answer: Approximately $100,000 will be needed for the New York study.

MANAGEMENT AND COORDINATION

Question: During FY 83, the National Response Plan for commercial nuclear power plant accidents will be tested. Where do you intend to test this plan?

Answer: The Federal Radiological Emergency Response Plan (FRERP) is scheduled to be tested in a Headquarters-level interface exercise in October 1982, in preparation for a full-scale field exercise in February 1983, at a location yet to be determined.

The FRERP basically provides that in a Federal response, FEMA will provide a Federal Coordinating Officer to coordinate the overall Federal response in support of the State involved. Also, a Cognizant Federal Agency (CFA) will have primary responsibility on-site for dealing with the technical aspects of the response. Other Federal agencies with technical capabilities and resources are assigned support responsibilities.

Question: Please describe what type of procedures for responding to nuclear power plant accidents have been included in this plan.

Answer: FEMA is in the process of developing a National Contingency Plan to cover all radiological emergencies. The new plan, the Federal Radiological Emergency Response Plan (FRERP), will cover accidents involving the following:

1. Nuclear power plants.
2. Other NRC-licensed facilities.
3. Nuclear weapons facilities.

4. DOE facilities/reactors.
5. DOE reactors (including propulsion reactors) - these are not contingencies.
6. Transportation.
7. Other (includes terrorist incidents that may involve nuclear material, and for example, reactors or nuclear materials aboard satellites.)

HAZARD MITIGATION ASSISTANCE

Question: The goal of this Hazard Mitigation Assistance program is to enhance the capabilities of State and local governments in multi-hazard mitigation planning. In FY 83, you will develop a Mitigation Assistance Handbook for use by State and local governments. What type of information will be contained in this handbook?

Answer: The basic document will address the areas of pre-disaster and post-disaster mitigation.

The pre-disaster portion will cover proper land use management techniques, methodology of multi-hazard planning, floodproofing, disaster proofing, suggested construction codes, sound emergency warning and evacuation procedures, and suggestions for betterment of organizational communications at State and local levels. Format and suggested content for mitigation plans will also be provided.

The post disaster portion will cover methods of damage assessment and surveying to identify hazards within the affected areas. Guidance for training and using multi-discipline teams to suggest appropriate mitigation measures and to follow up on them will be included. Model ordinances for land use and construction standards will be included for selected types of hazards to the extent available and proven by experience when the Handbook is drafted.

Question: When do you estimate this book will be ready for distribution?

Answer: The Hazard Mitigation Handbook will be available in September 1983.

Question: What will be the costs associated with the preparation, printing and distribution of this Handbook?

Answer: The current estimate of cost for preparing, printing and distributing this Handbook is $150,000.

Question: Two multi-hazard pre-disaster plans will be developed for two cities in FY 83. In what cities will these plans be developed? How will these two plans differ?

Answer: The pre-disaster planning effort will be conducted initially in two areas of the country, one being an urban area and the other a suburban area with growth potential. The specific areas will be selected after the following steps: (1) analysis of flood insurance claims; (2) review of the last 10 years of disaster declarations; (3) review of known areas where preparedness activities are alredy taking place. These steps will identify areas that will benefit the most from a pre-disaster planning program,

and similarly the Federal Government would benefit from the resultant reduction in disaster damages. The plans will differ depending upon the size of the study area, number of hazards, population, and the level of sophistication of the governmental units involved. The format and basic content of the two plans will be similar.

Question: This is the first year you are requesting funding for this program. After States develop plans, how do you intend to follow up to see if States have implemented these plans?

Answer: An evaluation process is currently being established to review all Section 406 required plans. Guidelines and procedures are being developed to encourage a uniform format for all 406 plans submitted. A similar process will be used for review of State and local pre-disaster plans.

Question: Will this program be funded entirely by the Federal Government or will State and local governments be required to provide funds?

Answer: It is planned that this program will ultimately require cost-sharing in a manner similar to the current application of Section 201(d).

DEFENSE RESERVISTS

Question: In FY 81, 12 National Defense Executive Reservists were recruited to serve in and to develop an organization plan for the Emergency Stabilization Agency. Can you please provide more detail on the purpose of the Emergency Stabilization Agency?

Answer: The Economic Stabilization Agency (ESA) is a standby agency, patterned after those established in World War II and the Korean conflict. If a war appeared imminent, the Prsident could ask the Congress to give him authority to establish the ESA. The ESA would control prices, wages, salaries, and rents, if authorized it could oversee the settlement of labor disputes, and administer rationing of selected vital consumer goods. The National Defense Executive Reservists recruited to serve in the ESA are not on active duty. They would be called to duty only if the President exercised that option.

Question: Was the organizational plan developed?

Answer: Yes, a plan was prepared by FEMA personnel.

Question: Is this plan operational?

Answer: Yes, a standby plan for the ESA is operational.

Question: Will these Reservists continue to serve in the Agency in FY 82 and FY 83?

Answer: National Defense Executive Reservists will continue to serve in their capacity as reserve cadre in FY 82 and FY 83.

Question: Does FEMA pay for these Reservists or are you reimbursed from DOD?

Answer: The Department of Defense is not involved. Presently, all National Defense Executive Reservists are unpaid volunteers.

ECONOMIC STABILIZATION

Question: During FY 83, the Resource Preparedness staff intends to evaluate the economic stabilization readiness of three Federal agencies. Which three agencies will be evaluated?

Answer: The three Federal agencies to be evaluated are the Federal Reserve, the Department of the Treasury, and the Department of Labor.

Question: Why were these agencies chosen?

Answer: These agencies are the primary agencies in economic stabilization and emergency public finance: the Federal Reserve and the Department of the Treasury in the indirect measures area and the Department of Labor plans for wage/salary stabilization in the direct measures area.

Question: Had this assessment been done of other agencies?

Answer: Periodic reviews are made with the other Federal financial agencies including review during the recent civil emergency exercises. Generally, these agencies follow the emergency policy guidance of the Federal Reserve and the Department of the Treasury.

Question: If so, what have been the findings?

Answer: Based on the reviews and exercises, the agencies require more comprehensive draft emergency authority and the implementing plans, strategies, and procedures which would flow from these authorities for the entire spectrum of emergencies.

Question: Have you made recommendations to the agencies so that they can improve their economic readiness?

Answer: Our recommendations are currently being reviewed and evaluated by the Working Group on Economic Stabilization and Public Finance of the Emergency Mobilization Preparedness Board. It is anticipated that, at the conclusion of the Working Group's review, a comprehensive set of recommendations will be directed at all Federal financial agencies (and other agencies) for both the direct and indirect measures required in emergencies.

INDUSTRIAL PREPAREDNESS

During FY 83, contracts will be awarded to planning firms in each of FEMA's 10 Regions. These firms will work with industrial concerns in the development of plans for protecting essential industries and businesses during crisis periods.

Question: What will be the estimated cost of these contracts?

Answer: The estimated cost is $1.12 million. The thrust of the work will be to develop and test practical approaches for planning crisis actions to protect essential industrial equipment, making use

of an initial planner's guide that will become available in late FY 1982.

Question: When do you estimate these plans may be completed?

Answer: The contracts will be awarded by mid-FY 1983. The contracts will provide for completion of the plans within an 8 to 12 month period, suggesting completion early in FY 1984. While the specific output will be plans for an estimated 20 to 40 different companies, a valuable contribution in itself, the primary result of the work will be to field test the planner's guide, including refinements suggested during the plan development work with the various industrial companies.

After the field proof-testing, the industrial planner's guide will be made available for wider use across all the various essential industrial sectors that require protection.

NUCLEAR ATTACK CIVIL PREPAREDNESS

Question: You are requesting an additional 16 permanent positions for nuclear attack civil preparedness activities. On page 10 of the salaries and expenses section of your budget, you list ten activities in which the requested staff will provide program and management support.

Please provide a breakdown of the staff levels in FY 81 and FY 82 for these ten activities.

In which activities will these additional staff be assigned in FY 83?

Answer: Staff distribution is reflected in the following table.

PERMANENT POSITIONS

	FY 81			FY 82			ADDITIONAL POSITIONS REQUESTED FY 83		
	HQ	REGIONS	TOTAL	HQ	REGIONS	TOTAL	HQ	REGIONS	TOTAL
NUCLEAR CIVIL PROTECTION PLANNING	8.5	27.0	35.5	5.9	27.0	32.9	1.5	3.0	4.5
NATIONAL SHELTER SURVEY	14.0	65.0	79.0	11.0	56.0	67.0	1.0	6.0	7.0
SHELTER MARKING	...	...	...	...	...	...	.5	1.0	1.5
SHELTER STOCKING	...	...	...	...	...	...	.2	...	.2
PACKAGED VENTILATION KITS	...	...	...	...	...	...	.2	...	.2
CRISIS SHELTER UPGRADING	...	...	...	...	...	...	.1	...	.1
EMERGENCY INSTRUCTIONS TO THE PUBLIC	.5	...	.5	.5	...	.5	...	...	...
ESSENTIAL WORKER SHELTER	...	...	...	...	...	...	...	...	...
INDUSTRIAL PREPAREDNESS	.5	...	.5	.3	...	.3	.5	1.0	1.5
INDIVIDUAL MOBILIZATION AUGMENTEES	.5	...	.5	.3	...	.3	...	1.0	1.0
TOTALS	24	92	116	18	83	101	4	12	16

NUCLEAR CIVIL PREPAREDNESS PLAN

Question: In the past, some States have failed to produce any portion of originally contracted plans for the NCP program. States have diverted grant and contract resources away from war-related projects for peacetime purposes, in part due to the States' belief that CRP is not a credible strategy. FEMA has not taken significant action to penalize these States or provide greater incentives to encourage production of NCP plans.

Will FEMA develop a new strategy to stimulate NCP products in recalcitrant States?

Answer: All States are currently working on Crisis Relocation Plans (CRPs). While some States have not as yet produced any initial CRPs (for example, Connecticut, New Hampshire, Rhode Island, Vermont, New Jersey, Maryland, Pennsylvania and Kansas), it is not because they believe that CRP is not a credible strategy. Rather, they have been using a different approach in planning than most other States. For example, the State of Kansas uses the "layered" approach in developing their plans. They have developed allocations, emergency public information materials and preliminary plans for all their jurisdictions concurrently rather than completing a plan for a specific locality prior to going to another jurisdiction. Thus, they have preliminary plans and plan outlines for all of their required jurisdictions but not a completed plan for any single jurisdiction. They have produced what their contract called for, albeit not the completed plan identified in other State contracts.

There have been some diversions in the past. In response to President Carter's decision in December 1979, to make technical assistance available to States needing to develop plans for responding to off-site consequences of a nuclear power reactor accident, FEMA authorized the use of State Nuclear Civil Protection (NCP) Planners to assist in developing the State and local government plans. Aproximately one-half the NCP planning effort was diverted during 1980 to implement the President's decision in regard to nuclear reactor planning. Since January 1981, NCP planners have returned to their basic nuclear attack preparedness tasks.

FEMA intends to honor commitments made during "contract" negotiations with the States. End items called for in the contract will be delivered and have been delivered to date.

NUCLEAR CIVIL PROTECTION PLANNING

Question: You are requesting $14,300,000 for nuclear civil protection planning, or an increase of $6,240,000 over your current FY 82 estimate. During FY 83, 280 nuclear civil protection planners will be hired to develop crisis relocation plans (CRP). What is the status of CRP's for counterforce areas, metropolitan and non-metropolitan areas of the country?

Answer: Crisis relocation planners have identified requirements for development of 3,043 local jurisdiction plans (1085 risk area plans and 1958 host area plans) as well as 50 State-level plans. Priority has been given to completing plans for those areas impacted by counterforce targets. Of the 3,043 required plans for local jurisdictions, 681 are for counterforce areas. As of

September 30, 1981, plans had been completed for about 800 jurisdictions. Of these, 344 were for areas impacted by counterforce targets. Thus, over 50 percent of the initial counter-force area crisis relocation plans had been completed by end of FY 1981. Of the 1085 risk area jurisdictions requiring CRP's, some 229 plans have been completed.

Of the 1,958 host area jurisdictions requiring CRP's, some 569 initial plans have been completed.

Question: When do you estimate CRP's in all areas will be completed?

Answer: Given the current level of planning effort, using 205 planners, initial CRP's will not be completed until the early 1990's The Administration has outlined a seven-year enhanced civil defense program to accelerate the development of CRPs and to provide the operational systems and capabilities to implement the plans. Given the increased number of planners requested, initial CRP's can be completed by end FY 1985. Enhanced CRP's, including provisions for shelter up-grading, organizational relocation, and industrial protection, will be phased in starting in FY 1984, and completed by end FY 1987.

OPERATIONAL GUIDANCE

Question: As part of the operational guidance program, you intend to publish a handbook for radiological monitors assigned to emergency services, vital facilities and essential industries. What type of information will be contained in this handbook?

Answer: The handbook will contain information and guidance that the self-support monitor can use to determine how soon he could leave a shelter to begin an outside operation; how long he could remain outside before becoming overexposed; what type of protective actions can be taken during shelter stay and post shelter to minimize his exposure to radiation. The handbook will assist the self-support monitor to function without constant contact with the Emergency Operations Center (EOC).

Question: What unique information will be contained in this handbook that is not in other radiological handbooks?

Answer: This handbook will contain more detail in areas that would be of particular importance to the self-support monitor. These would include procedures to estimate when the radiation levels are decreased to a level to allow outside emergency activities; procedures to determine the exposure to be received during an assignment based upon the radiation levels and length of exposure; techniques to evaluate whether it would be appropriate to initiate outside activities but with short stay time or to wait until the radiation decreased and allow a longer stay time; procedures to minimize contamination of personnel and equipment and decontamination procedures.

Question: When will this handbook be published?

Answer: The handbook is one of a series being developed under contract by personnel at Oak Ridge National Laboratory. It is expected to be in final draft for distribution for comment by September 1982 and will be published shortly thereafter.

Question: One of the objectives of the operational guidance program in FY 1983 will be to locate bulk storage areas for the deployment and care of instruments for fallout shelters. Recent reports have indicated that a large portion of our shelter equipment has deteriorated beyond repair because of inadequate or poor storage facilities. What type of criteria was used in the past for locating and choosing storage areas?

Answer: It is true that shelter supplies such as food and water containers procured many years ago deteriorated and there was no repair or replacement program. This is not true for the RADEF instruments.

As part of the Radiological Systems Maintenance program, these instrument sets are exchanged and recalibrated by the States on a routine cycle usually every four years.

Our guidance on the storage of RADEF instruments is expressed in Civil Preparedness Guide (CPG) 1-30, Guide for the Design and Development of a Local Radiological Defense Support System.

> "FEMA policy is that shelter RADEF instrument sets should not be stored in the shelter facility because of problems of poor storage conditions (dampness, dust, etc.), loss or pilferage, theft and difficulty in the periodic checking of instruments. It is recommended, therefore, that one or more facilities be selected for use as a central storage location (bulk repository) for RADEF instrument sets including those for shelters. Ideally the repository should be a local governmental facility to provide for proper management and control. In addition:
>
> > The bulk repository should be clean, cool, and dry. It should be convenient for rapid dispersal of the instruments in an Increased Readiness Period.
> >
> > The instrument sets should be located to provide ease of periodic inspection and operational testing by local personnel and exchange by the State maintenance technicians; i.e., they should not be stored behind or under other supplies.
> >
> > It is important that a list be maintained with the shelter RADEF sets showing which facilities are to receive them and how many each gets."

Question: What are your current plans?

Answer: We intend to continue to advocate the storage of RADEF instruments in bulk repositories as indicated above. In addition to a better storage environment, the instruments are available for either of the shelter options, shelter in-place or crisis relocation.

AUTOMATIC DATA PROCESSING

Question: In FY 83, you plan to revise your program status/program paper reporting system in order to produce more comprehensive data for the State and local programs. What type of revisions do you plan to undertake?

Answer: The current system was designed to feature data and activities related primarily to attack preparedness. The process of annual data collection was perceived to be burdensome. In many instances, States and localities felt that the benefit dervied from the system were too few in relation to their input efforts.

During FY 1982, with the advice of a Task Force of State and local emergency managers, FEMA is revising the system. The objectives of our effort are (1) to expand the scope of the system to include data and milestones for all emergency preparedness contingencies, including attack preparedness, (2) to develop more reliable and effective (i.e., less burdensome) input procedures, and (3) to design output that meets Federal needs and State and local management needs. Our current effort is to revise the standards which form the base for the entire information management process.

Question: How will these changes improve your reporting system?

Answer: The scope of the system will support comprehensive emergency management, to include attack preparedness.

Only changes of status will be reported, thus reducing the paper- work burden on State and local government.

The system will provide more information and feedback to State and local governments, since there will be current data in the automated file, as opposed to data that now is often 6 or 9 months old.

RESOURCE PREPAREDNESS

Question: The Interagency Mobilization Planning Study was replaced by the Emergency Mobilization Preparedness Board. During FY 83, the Resources Preparedness staff will support the Board's interagency working groups. Please provide for the record some additional details on the purpose, the agencies which are members and the role of the Resources Preparedness staff in coordinating the activities of the Board.

Answer: The purpose of the Emergency Mobilization Preparedness Board (EMPB) is to develop overall policy and a plan of action to improve the Nation's preparedness capabilities. The EMPB is responsible for monitoring Federal agency implementation of action plans, and has authority to resolve mobilization preparedness issues within the framework of current Administration policy.

The Chairman of the EMPB is the Assistant to the President for National Security Affairs, and its agency members are the Departments of State, Treasury, Defense, Justice, the Interior, Agriculture, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation, Energy, and Education, Office of the Counsellor to the President, Office of Management and Budget, Central Intelligence Agency, Office of Policy Development, Office of the Joint Chiefs of Staff, Office of Science and Technology Policy, Office of Personnel Management, and the Federal Emergency Management Agency.

The role of the Resources Preparedness staff in EMPB activities is to provide FEMA representation and staff support

to the economic stabilization, food, industrial mobilization, human resources, and health working groups. Resources Preparedness staff helps coordinate the development of emergency mobilization policies and plans and helps resolve interagency issues to improve mobilization preparedness.

Question: Will the other agencies which are members of the Board provide staff resources and funding for the Board's activities? If so, please provide a list of what the agency will contribute in FY 82 and FY 83.

Answer: Other agencies which are members of the EMPB do not provide any staff or funds. There are, however, nine individuals from other agencies who have been detailed to FEMA whose primary task is coordinating the activities of the working groups.

TELECOMMUNICATION AND WARNING

Question: You are requesting $4,493,000 for telecommunications and warning S&E. This is an increase of $486,000 over your current FY 82 level. You state that the funds are necessary in order to increase the staffing levels at the various regions. Please provide a breakdown of the staffing levels per region in FY 82 and your estimate for FY 83.

Answer:

Region	FY 82	FY 83	INCREASE
I	8	*	*
II	8	*	*
III	14	*	*
IV	12	*	*
V	11	*	*
VI	12	*	*
VII	9	*	*
VIII	10	*	*
IX	9	*	*
X	9	*	*
Hdq.	34	37	3
TOTAL	136	154	18

* 15 positions for Regional Offices have not yet been specifically assigned pending the outcome of a workload review.

Question: In prior years, technical support to the regions for the Broadcast Station Protection Program, Emergency Operating Center and Supporting Materials program has been performed by private firms. However, in FY 83, in-house staff will perform these services. Why will this technical support be performed by in-house staff rather than private firms in FY 83?

Answer: This technical support was not performed by private firms in prior years. Rather it was provided primarily by the Naval Civil Engineering Laboratory (NCEL). This support was made available through specially trained technicians on the FEMA Regional staffs. These technicians work directly with broadcast stations and State personnel to determine requirements, make preliminary designs, supervise and check installation.

In FY 82 NCEL discontinued its support because of loss of capability through attrition. Technical support from a private firm replaced NCEL.

In FY 83, we plan to continue use of a contractor to train and provide technical back up to the regional technical staffs who will provide electromagnetic pulse protection for Emergency Operating Centers as well as broadcast stations.

Question: What firms performed these services in FY 80 and FY 81?

Answer: As indicated, the services were performed by the NCEL.

Question: Will the same firms be awarded the contracts in FY 82?

Answer: No. A private contractor will provide these services in FY 82 as a subcontract under an Interagency Agreement with the Defense Logistics Agency, or as a direct contract with FEMA, in lieu of the previous arrangements with NCEL.

Question: What was the amount of these contracts during these two years -- what is your estimate for FY 82?

Answer: FY 80 (Actual):

Technical support by the Naval Civil Engineering Laboratory.....$ 44,000

FY 81 (Actual):

Technical support by the Naval Civil Engineering Laboratory.....$ 44,000

FY 82 Estimate:

Technical support by private contractor (for seven months only).....$ 36,000

These figures do not include procurement of electromagnetic pulse devices which was $44,200 in FY 81 and is estimated to be $232,000 in FY 82.

EMERGENCY MANAGEMENT ASSISTANCE

Question: The Emergency Management Assistance Program (EMA) provides funds for State and localities to develop an emergency preparedness capability. Recent legislation allows these funds to be used to support State and local efforts to prepare for peactime disasters.

What assurances are there that nuclear attack-related planning will not be neglected by EMA recipients?

Answer: The Federal Civil Defense Act of 1950 was recently amended to allow use of civil defense personnel, materials, and facilities for natural disaster purposes. FEMA has published proposed regulations in the Federal Register for this dual-use provision. The objective of the regulations is to assure the use of any funds, or

resources, provided under the Civil Defense Act "...is consistent with, contributes to, and does not detract from attack-related preparedness." The comment period concludes on May 15, 1982. Subsequently, FEMA will issue a final rule.

The proposed rule prescribes a series of steps intended to assure that attack-related activities will not be neglected. In summary, first they provide that FEMA will issue certain statements to States and their political subdivisions, and will make available guidance and technical assistance which specify preparedness activities for attack-related disasters. Second, they require that applications for financial assistance under the Act be compatible with FEMA's mission. Further, applications will only be approved, and financial contributions made, if substantive activities and projects pertaining to attack-related situations are evident in the submissions, and that progress can be indicated from one year to the next. Finally, the status of development over a long period is provided for in a management information system in which data is collected at the end of each fiscal year. Thus, there is both a screening/approval mechanism prior to the allowance of funds, and an end of the year status assessment.

This system, and the proposed rule affects not only EMA, but all other funds authorized by the Civil Defense Act.

PACKAGED VENTILATION KITS

Question: One of the major problems in maintaining the habitability of fallout shelters is ventilation. In the past few years, FEMA has been conducting research on the development of two types of ventilators which will provide air to shelters. The first type of ventilator was a bicycle-type fan. The second was a Kearney pump.

Please describe the status of your activities with these two ventilators.

Answer: Bicycle-Type Fan: The metal bicycle-type pedal frame, which powered a metal fan, that exhausted shelter air through a plastic duct to the outside, was developed first. The latest model provides for a plastic pedal frame and plastic air fan and shroud, which reduce the weight and cost of the unit.

We will further test variations in the plastic used, including types of fiber reinforced plastic. Different methods of driving the fan will be tested using chain, belt, gear, friction, and shaft drives. Possible use of existing bicycles for power, using different link-ups to the fan, will be considered.

Kearney Air Pump (KAP): Variations in the Kearny air pump have been considered and will be looked at further as funding becomes available. Variations in size, materials used, placement of the units, and circulation of the air within the shelter after the originating KAP brings it into the shelter, will all be studied.

Question: On Page 32 of the State and Local Assistance section of your budget, you indicate that you will be studying other approaches for ventilation of shelters.

What other methods will you examine during FY 83?

Answer: Information, already available, on natural ventilation using heat effects, will be gathered and put in simple form for use in shelters.

Commercial products that might possibly be used, or adapted for use, in the shelter program, will be investigated.

EQUIPMENT LOGISTICAL SUPPORT

Question: On Page 17 of the State and Local Assistance section of your budget, you list some of the projects you have completed or are undertaking as part of the Equipment Logistical Support program. One of these projects was the complete modernization of 1,250 aerial survey meters.

What type of work had to be done on these meters?

Answer: The following work was completed on the CDV-781 Aerial Survey meter:

Modify power supply to extend battery life.
Modify circuitry to provide a means to calibrate the instruments electronically.
Develop a pulse type calibrator adaptable to the CDV-781.
Procure and install matched sets of GM tubes to provide instrument accuracy, stability and meaningful calibration.

Question: How much did it cost to modernize these meters?

Answer:

Cost of Parts $163.15 x 1250	$203,938
Labor (in-house and Federal depots)	11,000
Shipping costs	5,000
Calibrator	25,000
Total Cost	244,938

Question: A project which you have undertaken is a repair of Ion Chambers for high range survey meters.

Why is it necessary to repair these chambers?

Answer: It is necessary to repair ion chambers because the chambers are the detecting element of the High Range Survey Instruments, and were of poor quality when originally produced (1962). The quality deteriorated over the years to a point where a high percentage of instruments were reaching the point where calibration was impossible.

Question: How much will it cost to do these repairs?

Answer: Ion chambers were refurbished at an estimated cost of $6.00/chamber using in-house capabilities. Replacement chambers would cost approximately $16.00 to $20.00 each.

Question: When will estimate work be completed?

Answer: This project is a continuing one. Approximately 3,000 defective chambers per year are processed by the Defense Logistics Agency (DLA), Richmond, VA Depot.

Question: In FY 83, you will refurbish the CDV-794, radiological instrument calibrator.

What is the purpose of these calibrators?

Answer: The CDV-794 Model No. 2 Calibrator contains a gamma radiation source that provides four exposure rates in a special lead-shielded chamber for calibrating and testing for high range radiation survey instruments. When a survey instrument is in the radiation field, it is calibrated via remote controls and meter readings are observed directly through a lead-glass window in the exposure chamber door. The operator is shielded from high radiation exposure rates.

Question: How much do you estimate it will cost to repair these calibrators?

Answer: It will cost $350,000 to repair the calibrators (including transportation costs). This is funded under Equipment Procurement and provides for replacement of the multicurie radiation source and repair of sticking radiation level selector wheels. Logistical support is to be provided by DLA for coordination and administration of this project through completion.

Question: How many need to be repaired?

Answer: A total of 67 calibrators deployed in the field are scheduled for refurbishment. This project extends the life of the calibrator indefinitely and provides a means for maintenance and calibration for over 600,000 high range civil defense survey instruments. Without this project we cannot maintain a radiological instrument readiness and reliability program nationwide.

EQUIPMENT PROCUREMENT

Question: You are requesting $8,630,000 for Equipment Procurement. This is an increase of $7,000,000 over your current FY 82 estimate. On page 15 of the State and Local Assistance section of your budget, you list some of the equipment you will procure in FY 83.

Please provide for the record the estimated cost of procuring these instruments in FY 83.

Answer: Support of Existing Inventory of Instruments:

Batteries	$230,000
Test Equipment	150,000
Repair Parts	150,000
Carton	100,000
Subtotal	630,000

Procurement of Shelter Sets:

Pilot Production of 50,000	$5,000,000
Initial Production of 50,000	2,500,000
Shipping, Handling and Miscellaneous	150,000
Subtotal	7,650,000

Question: You also intend to refurbish 67 calibrators used by States. How much will it cost to refurbish these calibrators?

Answer: Refurbishment of Calibrators:

Materials and Labor.....	$200,000
Shipping and Handling @ $1,500.....	150,000
Subtotal	350,000

EQUIPMENT ENGINEERING

Question: You are requesting $4,000,000 for equipment engineering. This is an increase of $3,000,000 over your current FY 82 estimates.

In FY 83, these funds will be used to continue the development of ultra low cost dosimeters and a true ratemeter for shelter sets.

You have been working on the development of these projects for the past two fiscal years.

When will the development of these two projects be completed?

Answer: The development of an ultra low cost dosimeter depends on the successful development of chemical systems which are stable over a wide temperature range and which can be stored, without degradation for upwards of 10 years. These requirements are rigorous and proving out candidate systems is time consuming. If the FY 83 production engineering effort is successful, a satisfactory dosimeter may be in production by FY 1985 and mass production in FY 1986.

The attainment of a low cost, low maintenance, batteryless true ratemeter is proving to be a difficult task. It is estimated that production of such a device might be possible in FY 1987. The success of this project depends heavily on our ability to obtain quality contractors for the detector and carbon fiber readouts for the device.

Question: During last year's Subcommittee Hearings, you indicated that you would spend approximately $200,000 in FY 82 on the development of the dosimeter and the ratemeter.

Is this figure still accurate? If not, why has this figure changed?

Answer: The $200,000 figure is still accurate.

Question: What is your estimate for FY 83?

Answer: The FY 1983 estimate is broken down as follows:

Ultra low cost dosimeter.....	$500,000
True ratemeter.....	$500,000

Question: Please provide a list of the estimated costs associated with the other types of radiological equipment you intend to develop or improve in FY 82 and FY 83.

Answer: Estimated costs for development of other types of radiological equipment:

	FY 82	FY 83
Equipment for emergency services...	...	$ 400,000
Aerial monitoring equipment.....	...	200,000
Simulators for training and exercises	...	300,000
Improved radiation detectors for... applications	$40,000	$ 200,000
Totals.....	$40,000	$1,100,000

SUPPORTING ACTIVITIES

Question: A resident Red Cross representative is provided at each FEMA Regional office through contractual arrangements between FEMA and the American Red Cross. I understand that your original FY 82 estimates for Red Cross representation were not adequate to meet contract costs, and that funding will need to be increased by at least $20,000 through reprogramming. What was your original estimate for Red Cross representation?

Answer: The FEMA budgets for FY 1981 and 1982 provided $270,000 for this activity. In 1981, the contractor's proposal amounted to $290,000.

Question: Why did this estimate prove to be incorrect?

Answer: The contract is negotiated on an annual basis, and is subject to conditions which exist at the time of negotiations. Salary increases for the 10 Regional Red Cross personnel were negotiated into the new contract. Increases commensurate with Federal cost of living increases were allowed since the salaries are projected at GS levels. Also, moving expenses for individuals selected to fill vacant positions cannot be projected or planned, which results in unprogrammed expenses.

Question: What was the amount of the contract?

Answer: The amount proposed for FY 1982 is $320,000.

Question: From what activities do you intend to reprogram funds?

Answer: This is presently being reviewed. No decision has been made.

Question: In FY 83, you intend to update field manuals that will provide information to State and local officials on damage assessment in times of emergencies. What additional information will be included in these manuals?

Answer: FEMA's FY 1983 budget submission says the updating field manuals will be one of three options considered. The existing Manual Damage Estimation system manual, CPG 2-9, will be seven years old in 1983. A review of that manual, plus other damage assessment material will indicate whether or not a need exists for updating.

Question: Why is it necessary to update these manuals during this time?

Answer: Updating at this time is part of FEMA's overall program to assist State and local governments in the development of an operationally effective and survivable direction and control capability. Damage assessment is an integral link in this capability, providing the leadership with the information necessary to respond to peacetime disasters or nuclear attack emergencies.

Question: What will be the cost of updating these manuals?

Answer: The actual cost will depend upon our proposed FY 1983 evaluation of the three options stated in the budget. We may find that the content of the previous manual is still accurate, in which case the cost would be for printing only. If substantive changes are required, and if they are extensive, a contract for systems development would be considered. Cost, therefore, could range from $10,000 to several hundred thousand dollars.

Question: One of the activities you undertook in FY 81 was "WINTEX 81", an exercise for repatriation of American citizens from Europe in the event of a threat of war or severe political unrest.

Please provide for the record more information on Project "WINTEX 81."

Answer: WINTEX/CIMEX-81 (Winter Exercise/Civil-Military Exercise for 1981) was one of a series of biennial NATO exercises designed to test joint civil-military plans and procedures centered on the reinforcement of Europe. One of the objectives of that exercise was to test the plans being developed by the Department of Health and Human Services to receive non-combatants from areas threatened by war or severe political unrest, when requested by the Department of State. Two exercise locations were selected for the conduct of the test of procedures. They were McGuire AFB, NJ, and Charleston AFB, SC.

Question: Were other agencies involved in this project?

Answer: Agencies involved in the test of evacuation procedures included:

Department of Health and Human Services (HHS)
  Office of Family Assistance (OFA)
  Public Health Service (PHS)
Department of Defense (DOD)
Federal Emergency Management Agency (FEMA)
Department of State
General Services Administration (GSA)
Immigration and Naturalization Service (INS)
United States Customs Service
Department of Transportation (DOT)
United States Department of Agriculture (USDA)
Department of Housing and Urban Development (HUD)
American Red Cross
New Jersey and South Carolina emergency offices including transportation, police, welfare, health and emergency planning/civil preparedness

Question: Are other exercises planned for other countries?

Answer: In conjunction with JCS exercise POTENT PUNCH, a test of enhanced plans for non-combatant evacuation was conducted at Travis AFB, CA, and McCord AFB, WA, from September 13-18, 1981. During this exercise the scenario posed a simulated evacuation of non-combatants from Korea. Another exercise of non-combatant procedures is planned for the fall of 1982 but details have not been developed.

EMERGENCY OPERATING CENTERS

Question: You are requesting an additional 20 positions in FY 83 for the Emergency Operating Centers (EOC) program.

Please provide a breakout of EOC positions in the regions and at headquarters for FY 81 and FY 82.

Answer: In FY 1981, there were six positions in Headquarters and fifteen positions in the regions associated with this program. In FY 1982, we are projecting five Headquarters and fifteen Regional positions.

Question: In which regions will these additional staff be hired?

Answer: The acutal distribution among regions will range from 1 to 3 aditional positions depending upon actual workload requirements. In FY 1981, the EOC program was reinstituted at a very modest rate. In FY 1982, it was expanded to $6.5 million. In FY 1983 it will more than double the workload over FY 1982. FY 1983 is the first year in which we are realistically reflecting the need for staff to provide the operational and technical support generated by this program effort.

Question: Emergency Operating Centers provide for nationwide direction and control networks which permit key officials to operate effectively in an emergency. There are presently over 200 State and 3,000 local facilities that serve as Emergency Operating Centers. What is the cost per center?

Answer: Each proposal is unique, depending upon the deficiencies to be corrected, and on their size and complexity. Thus, there is no set cost per Emergency Operating Center. Our program analyses show that there were a variety of deficiencies in operational EOC capabilities. For example, 30 percent of local host area EOCs need equipment to communicate with their operating forces; 26.5 percent of all local EOCs need emergency generators; and 42 percent need a 14-day fuel storage and supply capability. Our approach is to provide the financial and technical assistance uniquely needed by each applicant.

Question: How many Emergency Operating Centers will be established in FY 83?

Answer: Two (2) State and State-area projects and six (6) local projects were initiated in FY 81 and will be completed by FY 83. Fourteen State and State-area and 55 local projects were initiated in FY 82 and will be completed by FY 1983. Thus, there are 77 projects carried over from prior years and scheduled for completion in FY 1983. In addition, a preliminary analysis of the State Emergency Operating Center Development Plans shows that 330 projects could be requested in FY 1983 totalling $38,743,730 in Federal funds. We expect that of these 125 could be funded.

NATIONAL SHELTER SURVEY

Question: You are requesting $12,060,000 for the National Shelter Survey. This is an increase of $8,483,000 over your current FY 82 estimate. The surveys are conducted under the supervision of FEMA's Regional engineering staffs through contracts with States, universities, architect-engineer firms and State or FEMA supervised teams of specially trained college students.

Please provide for the record a breakdown of the type of hires that will be used by each Region and what the cost of conducting these surveys will be per Region.

Answer: The breakdown of the types of hires to be used by Region and the related cost is shown in the attached table.

Question: You indicate that by the end of FY 83 virtually all of the host area surveys will be completed and efforts in FY 84 will be on risk area surveys.

When do you estimate risk area surveys will be completed?

Answer: The risk area surveys are estimated to be completed by the end of FY 86.

Question: What do you estimate the cost will be to complete these surveys?

Answer: The estimated cost to complete the risk area surveys by the end of FY 86 is $41 million.

National Shelter Survey

Estimated Facilities Surveyed and Cost

REGION	Students		State		Other Contracts		Total	
	Fac.	$	Fac.	$	Fac.	$	Fac.	$
I	4,500	129,000	3,000	80,000	0	0	7,500	209,000
II	7,200	154,000	3,000	120,000	0	0	10,200	274,000
III	19,600	322,000	6,000	240,000	0	0	25,600	562,000
IV	32,600	489,000	12,000	520,000	19,000	520,000	63,600	1,529,000
V	49,200	708,000	9,000	400,000	103,000	2,820,000	161,200	3,928,000
VI	8,000	180,000	1,500	80,000	2,400	65,000	11,900	325,000
VII	24,700	283,000	1,500	40,000	76,000	2,090,000	102,200	2,413,000
VIII	4,500	90,000	3,000	100,000	15,200	415,000	22,700	605,000
IX	15,200	200,000	4,500	220,000	45,400	1,240,000	65,100	1,660,000
X	4,500	90,000	0		5,500	150,000	10,000	240,000
TOTAL:	170,000	$2,645,000	43,500	$1,800,000	266,500	$7,300,000	480,000	$11,745,000*

* Does not include $315,000 for program support

Note: Based upon actual and demonstrated capabilities in each Region, certain amounts of funds may be transferred from one category to another to achieve the desired results.

SHELTER STOCKING

Question: During FY 83, a study will be conducted on current methods of stocking fallout shelter.

When was a study last conducted on shelter stocking methods?

Answer: The last study of stocking methods was conducted in FY 1978.

Question: Where will field tests be performed?

Answer: Field test sites have not yet been selected. They will be chosen from those FEMA Regions that can provide sites in States willing to cooperate in the testing process.

Question: What type of stocking methods will be tested?

Answer: Stocking requires the use of secure bulk repositories, preferably in non-risk areas. State and local plans for dispersal of the supplies into public fallout shelters in a crisis period are required. The plans, procedures and logistics will need testing.

SUPPORTING MATERIALS

Question: The Supporting Materials Program provides Federal matching funds to enhance the capability of State and local emergency communications and warning systems.

During FY 81, the program funded 13 projects aimed at testing ways to build emergency communications and warning capacity at the State and local levels.

Where did these demonstration projects take place?

Answer: The projects took place in New Jersey; New York State; Pennsylvania; Smyth County, VA; Alabama; St. Louis County, MO; Colorado; Utah; Wyoming; Arizona; California; and Idaho.

Question: What did each of these projects demonstrate?

Answer: FEMA has not yet received final reports on the demonstration projects. In New Jersey, Pennsylvania, Idaho, and Smyth County, Virginia, the projects will demonstrate that by linking together existing State or local communications systems, a State or local government can achieve a high level of emergency communications capability at a small fraction of the cost of a completely new system.

One project for New York State will demonstrate the architecture necessary to support the comprehensive emergency management needs required for all-risk disaster management. The second demonstration project will provide the foundation for developing a methodology for assessing State-wide emergency communications needs and developing a generic architecture.

The Alabama project will establish a baseline for implementing FEMA's intiative to promote the use of radio activated alerting and warning systems in lieu of wire line (telephone line) systems that are more costly and more vulnerable to outages.

14-067 O - 83 - 26

The St. Louis County, Missouri demonstration project will produce results to be used in determining the most effective and efficient approach to warning the public in highly populated areas of the nation.

The Utah demonstration project will give valuable guidance on the most effective way protect microwave systems from EMP.

The Wyoming project will lay the foundation for our out-years initiative to establish the Radio Amateur Civil Emergency System (RACES) as the backup emergency communications system for State and local level disasters and emergencies.

The Colorado project will provide information on the most cost effective and efficient methods to establish easily deployable emergency communications equipment for augmentation of austere EOCs and for use at the site of disasters.

The California project will validate FEMA's theory that radio instead of wire line data transfer and control is more cost effective and reliable.

The Arizona project will show that the state-of-the-art use of such technologies as satellite communications, fly-away and easily deployable equipment improves a State's ability to rapidly and effectively manage emergencies.

Question: Did any procedure that was tested prove to be more effective in upgrading equipment?

Answer: In nearly all cases, the projects involve systems upgrading rather than equipment upgrading. When the reports are furnished, FEMA will be interested in demonstrated effectiveness.

Question: In FY 83, you intend to support the establishment of an intra- and inter-State civil defense emergency radio communications network. The objective is to have such a network in each State. How many States currently have civil defense emergency networks in place?

Answer: There is a great disparity in the operational capabilities and extensive fragmentation of emergency communications between and in all States across the nation. The State of Arizona is currently implementing a Statewide emergency communications system using satellites and other initiatives in FY 1981 under the Supporting Materials program. Most States use existing systems, such as State Highway and Public Safety systems.

Question: How many States do you estimate will have an emergency network in place at the end of FY 82 and FY 83?

Answer: If the States take the initiative through the implementation of "Operation SECURE" (2 - 10 MHz high frequency radio communications dedicated to CD), it is estimated that approximately five States could have a system in the process of implementation. We do not have data available from the Federal Communications Commission to evaluate potential interest in obtaining frequencies for FY 1983.

DISASTER PREPAREDNESS IMPROVEMENT GRANTS

Question: I understand that there are still some States which are not participating in the Disaster Preparedenss Improvement Grants Program. Which States are not participating in the program and why?

Answer: Of the 57 currently eligible States, FY 1982 funding has been awarded or committed to 52, with grants expected later for two others; Idaho and Washington. The five declining this assistance are Indiana, Michigan, Texas, Iowa and Oregon. Michigan was previously awarded two "Improvement" grants, $25,000 in October 1978 and $12,000 in September 1981. The other four have never requested the grant. While reasons for not participating may differ from State to State, the usual reason is an inability to provide the required 50-percent match. That amount, however, may come from any nonfederal source and may be in cash or "in-kind."

Question: Are these States eligible to receive disaster assistance?

Answer: States without Improvement Grants are still eligible for assistance in declared emergencies or major disasters. To request a major disaster declaration by the President, a governor must "direct execution of the State's emergency plan." Those plans were prepared or revised under the earlier one-time Development grants provided under Section 201(c) of the Disaster Relief Act and can be improved, maintained, and updated with the help of the annual improvement grants. But the Act neither requires use of the grant as a precondition for Federal assistance nor requires FEMA to award the grant if requested.

PROJECT DELTA

Question: You are developing and testing a process, Project DELTA, which will combine the application forms of four highly used programs temporary housing, home/personal property losses, flood insurance and grants. You indicate that the cost of performing the services of the programs will be borne entirely by FEMA. You anticipate that the financial burden to the Federal government will be less than if these activities were performed by separate agencies. In FY 81, the process was field tested in four areas across the country. What were the results of these tests?

Answer: The process referred to was not Delta, but the "Combined Application and Verification Process," Delta's predecessor. Field tests revealed:

1. Assistance delivery much less confusing to the individual applicants; they viewed their dealings with the government positively.

2. The legal, regulatory and administrative requirements of the three participating programs (temporary housing, Individual and Family grants, and Small Business Administration home/personal property loans) are so diverse that collecting all required information on one form -- or having one Federal employee gather it -- was extremely difficult, resulting in delay and error.

3. Collection, distribution and tracking paperwork produced by the process was extraordinarily burdensome without computer backup.

Question: Will it be necessary to make changes in the process?

Answer: Yes. Under the Combined Application and Verification Process, the intent was chiefly to use one application form and to have one person physically verify the damages instead of three forms and three persons. Project Delta's scope is broader. We intend to look at all possibilities for improving the provision of disaster assistance. We will continue to pursue computerization and combining of paperwork, but will also look at restructuring the entire delivery process so that the required information can be gathered more easily or in a more logical sequence.

Question: What do you estimate will be the savings to the Federal government if this process is implemented?

Answer: We do not know. However, we intend to implement the procedures developed under Delta gradually and by way of controlled testing, so that the actual costs of the old and new methods can be compared directly.

To the extent that processing can be automated, the same information can be collected one time instead of five times, and the frequency of duplicate benefits can be reduced, savings will result.

Savings are not our sole objective, however. Other objectives are: Improving service to the applicant by reducing paperwork and confusion and speeding up the delivery of assistance.

COMMUNITY DISASTER LOANS

Question: As part of the Disaster Relief Program, local governments may be eligible to receive Community Disaster Loans. If the local governments' revenues for three years following receipt of the loan are insufficient to meet operating budgets, a community may not be required to repay the loan. What type of services can a community provide as a result of these loans?

Answer: A Community Disaster Loan offers an alternative source of financial assistance to a community in coping with the economic effects of disasters. The disaster-related expenses cover expenses associated with municipal operations such as police and fire protection; trash collection; collection of revenues, maintenance of public facilities, flood and other hazard insurance and those other expenses normally budgeted. These funds include special revenue, enterprise, and general funds.

Question: How many loans have been made under this program?

Answer: Since FY 1977, there have been 13 loans totaling $6,109,509.

Question: Please provide a list of the communities and the amount of the loans provided to these communities during 1980 and 1981.

FY 1980 - Town of Gulf Shores, Alabama - $255,100
City of Prichard, Alabama - $1,540,000
Town of Gulf Shores, Alabama - $44,000
FY 1981 - Town of Hurtsboro, Alabama - $29,000

Question: How many loans have been repaid?

Answer: One loan, to the County of Fremont, Idaho, has been repaid in the amount of $394,315.00 ($300,000 principal and $94,315 interest).

Question: How many communities will not have to repay loans?

Answer: To date there have been only been two requests for loan cancellation processed and in both cases there was no basis for cancellation. The final number of loan cancellations is contingent upon local government requests for loan cancellation and a review of the application and supporting documentation. The basis for loan cancellation is that revenues of the local government during the three fiscal years following the disaster are insufficient to meet the operating budget of that local government because of disaster-related revenue losses and additional disaster-related municipal operating expenses.

Question: What is the interest rate charged for these loans?

Answer: The interest rate is the rate determined by the Secretary of the Treasury in effect on the date that the loan is executed. This Treasury rate takes into consideration the current average market yield on outstanding marketable obligations of the United States with a three year maturity, adjusted to the nearest 1/8 percent. The following is a listing of communities with outstanding loans and the rate of interest being charged:

Jurisdiction and State	Interest Rate
Madison County, Idaho	7 1/4%
City of Rexburg, Idaho	7 1/4%
City of Williamson, West Va.	7 1/8%
Town of Matewan, Va.	7 1/8%
Franklin Borough, Pennsylvania	9 1/2%
Dale Borough, Pennsylvania	11 5/8%
City of Johnstown, Pennsylvania	8 3/8%
Town of Hull, Massachusetts	8 3/8%
Town of Gulf Shores, Alabama	10 3/8%
City of Prichard, Alabama	9 5/8%
Town of Gulf Shores, Alabama	10 3/8%

TEMPORARY HOUSING

Question: The Temporary Housing Program provides funding to individuals in order that they can pay rent, make home repairs and make mortage payments. This assistance can be provided to individuals for not more than a year. How many individuals received this assistance in FY 80 and FY 81?

Answer: In FY 80, 6,116. In FY 81, 1,248.

Question: What was the cost of providing this assistance during these fiscal years?

Answer: In FY 80, approximately $16.6 million. In FY 81, approximately $2.8 million.

These figures represent initial cost of providing assistance and include Federal share of limited home repairs (LHR) administered through State individual and family grant (IFG) program.

Question: What criteria is used in determining eligibility for this assistance?

Answer: The criteria used for determining eligibility for temporary housing assistance as the result of a major disaster are that the individual or family's predisaster dwelling is not habitable and that the individual or family requires FEMA assistance to satisfy this housing need.

DISASTER PREPAREDNESS IMPROVEMENT GRANTS

Question: Disaster Preparedness Improvement Grants are provided to States on a 50/50 matching basis and are used for improving, maintaining and updating the State's disaster assistance plans. The maximum a State can receive is $25,000.

Please provide for the record the amount that each State received as well as a brief description of how the States used these funds in FY 80 and FY 81.

Answer: While FEMA does not have readily available summaries of each State's use of the Disaster Preparedness Improvement Grant for FY 1980 and FY 1981, we do prepare an annual report, updated quarterly, showing some of the major products of the grants and including data on grant obligations, expenditures, and durations and cost sharing. A copy of this statistical report, updated as of December 31, is submitted for the record.

The grants can be--and are--used for a wide variety of activities related to disaster prevention, mitigation, response, and recovery: plans and procedures, training and public information, tests and exercises, preparing legislation and mutual aid agreements, risk and damage analyses--for disasters in general or any kind of natural or technological hazard--so long as the project meets State and local needs and is relevant in some way to improving, maintaining, and updating State disaster assistance plans. There are usually more than enough projects. Particularly emphasized by FEMA during FY 1981, based on a GAO report on indications of disaster preparedness weaknesses, were emergency operating procedures for State agencies, assurance of coordinated State and local planning, and training of State and local personnel in disaster relief and recovery programs.

Question: You have proposed legislation to increase the maximum amount of the Disaster Preparedness Improvement Grants from $25,000 to $50,000. Why are you proposing this increase? What is the status of this legislation?

Answer: This $25,000 matching grant was first authorized by PL 91-606 in 1970, then continued under the Disaster Relief Act of 1974 (PL 93-288). The amount has never been changed, despite the considerable loss of buying power over that time span. While the authority to make the grant provides for 50-50 matching, the record shows many States having to provide far more than half of the total cost just to maintain the same level of effort from year to year. Doubling the size of the Federal share will still not return the grant value to the 1970 level.

PREPAREDNESS IMPROVEMENT GRANTS AWARDED AS OF 12/31/81
PL 93-288 Section 201(d)

Reg.	Recipient	ID No.	Awarded	Fed. $	State $	Effective	Duration	Completion	Disbursed $
1	Connecticut	CT-78	06-26-78	25,000	25,000K	07-01-78	1 year	06-30-79C	12,696.20
1	Connecticut	CT-79	06-21-79	25,000	25,000K	07-01-79	1 year	06-30-80C	24,978.94
1	Connecticut	CT-80	08-06-80	25,000	25,000	07-01-80	1 year	06-30-81C	25,000.00P
1	Connecticut	CT-81	06-22-81	6,249	6,249	07-01-81	3 months	09-30-81C	- - -
1	Connecticut	CT-81A	08-28-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
1	Maine	ME-77	05-20-77	25,000	28,676K	06-01-77	1 year	05-31-78C	25,000.00P
1	Maine	ME-78	06-23-78	25,000	25,000K	06-01-78	1 year	05-31-79C	14,892.31
1	Maine	ME-79	06-19-79	25,000	25,000K	06-01-79	1 year	05-31-80C	19,675.00P
1	Maine	ME-80	07-24-80	25,000	25,000K	06-01-80	1 year	05-31-81C	20,060.15
1	Maine	ME-81	05-22-81	8,333	8,333K	06-01-81	4 months	09-30-81C	- - -
1	Maine	ME-81A	08-28-81	25,000	25,000K	10-01-81	1 year	09-30-82	- - -
1	Massachusetts	MA-77	10-11-77	25,000	25,000	08-01-77	1 year	07-31-78C	23,000.56P
1	Massachusetts	MA-80	09-04-80	25,000	25,000	07-01-80	1 year	06-30-81C	26,916.67
1	Massachusetts	MA-81	06-22-81	6,249	6,249	07-01-81	3 months	09-30-81C	4,243.17
1	Massachusetts	MA-81A	08-28-81	25,000	25,000K	10-01-81	1 year	09-30-82	- - -
1	New Hampshire	NH-79	06-21-79	25,000	25,000K	07-01-79	1 year	06-30-80C	23,790.47
1	New Hampshire	NH-80	07-24-80	25,000	25,000	07-01-80	1 year	06-30-81C	22,676.65
1	New Hampshire	NH-81	06-26-81	6,250	6,250	07-01-81	3 months	09-30-81C	- - -
1	New Hampshire	NH-81A	08-28-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
1	Rhode Island	RI-79	04-18-79	25,000	25,000K	05-01-79	1 year	04-30-80C	24,996.82
1	Rhode Island	RI-80	04-21-80	25,000	25,000K	05-01-80	1 year	04-30-81C	25,000.00
1	Rhode Island	RI-81	04-28-81	10,415	10,415	05-01-81	5 months	09-30-81C	10,415.00
1	Rhode Island	RI-81A	08-28-81	25,000	25,000P	10-01-81	1 year	09-30-82	- - -
1	Vermont	VT-79	06-25-79	25,000	29,842K	07-01-79	1 year	06-30-80C	19,088.35
1	Vermont	VT-80	07-25-80	25,000	26,170K	07-01-80	1 year	06-30-81C	12,836.66
1	Vermont	VT-81	06-22-81	6,250	6,250	07-01-81	3 months	09-30-81C	- - -
1	Vermont	VT-81A	08-28-81	25,000	25,000K	10-01-81	1 year	09-30-82	- - -
2	New Jersey	NJ-82P	10-01-81	25,000	38,757	10-01-81	1 year	09-30-82	- - -
2	New York	NY-78	06-15-78	25,000	25,000	10-01-78	1 year	09-30-79C	22,687.52
2	New York	NY-79	09-17-79	25,000	25,000	10-01-79	1 year	09-30-80C	19,035.86
2	New York	NY-80	09-25-80	25,000	31,249	10-01-80	1 year	09-30-81C	- - -
2	New York	NY-82P	10-01-81	25,000	31,249	10-01-81	1 year	09-30-82	- - -
2	Puerto Rico	PR-77	09-08-77	25,000	25,000	10-01-77	1 year	09-30-78C	25,000.00F
2	Puerto Rico	PR-78	08-22-78	25,000	25,000	10-01-78	1 year	09-30-79C	25,000.00F
2	Puerto Rico	PR-79	09-27-79	25,000	25,000	10-01-79	1 year	09-30-80C	18,750.00
2	Puerto Rico	PR-80	11-12-80	25,000	25,000	10-01-80	1 year	09-30-81C	- - -
2	Puerto Rico	PR-82P	11-30-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
2	Virgin Islands	VI-78A	01-26-78	11,172	11,172	02-01-78	5 months	06-30-78C	10,403.57
2	Virgin Islands	VI-78B	06-23-78	23,500	23,500	07-01-78	1 year	06-30-79C	20,700.64
2	Virgin Islands	VI-79	12-13-79	25,000	25,000	11-01-79	11 months	09-30-80C	17,662.58
2	Virgin Islands	VI-80	10-23-80	25,000	25,000	11-01-80	1 year	10-31-81C	- - -
3	Dist. of Col.	DC-78	12-05-78	20,833	20,833	12-01-78	10 months	09-30-79C	20,790.00F
3	Dist. of Col.	DC-79	12-17-79	25,000	25,000	10-01-79	1 year	09-30-80C	- - -
3	Dist. of Col.	DC-80	09-19-80	25,000	25,000	10-01-80	1 year	09-30-81C	7,954.29
3	Delaware	DE-82P	11-16-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
3	Maryland	MD-79	12-11-79	29,000	30,000	01-01-80	1 year	12-31-80C	25,000.00F
3	Maryland	MD-80	12-30-80	25,000	30,000	01-01-81	1 year	12-31-81C	- - -
3	Maryland	MD-82P	11-16-81	18,750	40,946	01-01-82	9 months	09-30-82	- - -
3	Pennsylvania	PA-78	01-18-78	25,000	30,350	02-16-78	1 year	02-15-79C	25,000.00F
3	Pennsylvania	PA-79	01-18-79	25,000	30,350	02-16-79	1 year	02-15-80C	25,000.00F
3	Pennsylvania	PA-80	12-14-79	25,000	30,350	02-16-80	1 year	02-15-81C	25,000.00F
3	Pennsylvania	PA-81	02-23-81	25,000	30,350	02-16-81	1 year	02-15-82	- - -
3	Virginia	VA-76	12-09-76	25,000	25,000	01-01-77	1 year	12-31-77C	24,982.51
3	Virginia	VA-77	11-04-77	25,000	25,000	01-01-78	1 year	12-31-78C	25,000.00F
3	Virginia	VA-78	11-16-78	25,000	25,000	01-01-79	1 year	12-31-79C	25,000.00F
3	Virginia	VA-80	01-04-80	18,750	18,750	01-01-80	9 months	09-30-80C	12,892.98
3	Virginia	VA-80A9	09-26-80	25,000	38,501	10-01-80	1 year	09-30-81C	- - -
3	Virginia	VA-82P	11-16-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
3	West Virginia	WV-79	06-26-79	25,000	25,000	07-01-79	1 year	06-30-80C	19,784.41
3	West Virginia	WV-80	06-20-80	25,000	25,000	07-01-80	1 year	06-30-81C	17,847.25
3	West Virginia	WV-81	05-19-81	6,250	6,250	07-01-81	3 months	09-30-81C	4,604.11F
3	West Virginia	WV-82P	11-16-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
4	Alabama	AL-79	06-18-79	31,250	59,259	07-01-79	15 months	09-30-80C	10,482.25
4	Alabama	AL-80	09-25-80	25,000	48,476	10-01-80	1 year	09-30-81C	- - -
4	Alabama	AL-81P	09-25-81	25,000	32,020	10-01-81	1 year	09-30-82	- - -
4	Florida	FL-78	06-26-78	25,000	25,000	07-01-78	1 year	06-30-79C	23,985.78F
4	Florida	FL-79	06-18-79	31,250	31,250	07-01-79	15 months	09-30-80C	29,141.15F
4	Florida	FL-80	09-25-80	25,000	25,000	10-01-80	1 year	09-30-81C	- - -
4	Florida	FL-81P	09-28-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
4	Georgia	GA-80	06-30-80	2,750	2,750	07-01-80	3 months	09-30-80C	378.62F
4	Georgia	GA-80A	09-25-80	11,000	11,000	10-01-80	1 year	09-30-81C	- - -
4	Georgia	GA-81P	09-28-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
4	Kentucky	KY-77	12-21-77	25,000	25,000	01-01-78	1 year	12-31-78C	22,403.72
4	Kentucky	KY-78	12-27-78	25,000	25,369	01-01-79	1 year	12-31-79C	21,731.[illegible]
4	Kentucky	KY-80	02-11-80	25,000	25,000	01-01-80	1 year	12-31-80C	25,321.56F
4	Kentucky	KY-80A	12-29-80	18,750	21,404	01-01-81	9 months	09-30-81C	- - -
4	Kentucky	KY-81P	09-14-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
4	Mississippi	MS-78	10-16-78	22,392	22,392	10-15-78	1 year	10-14-79C	19,201.10F
4	Mississippi	MS-79	09-28-79	22,382	22,383	10-15-79	1 year	10-14-80C	13,240.34F
4	Mississippi	MS-80	09-25-80	25,000	25,000	10-01-80	1 year	09-30-81C	- - -
4	Mississippi	MS-81P	09-10-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
4	North Carolina	NC-77	06-02-77	25,000	25,000	07-01-77	1 year	06-30-78C	24,937.08
4	North Carolina	NC-78	06-27-78	25,000	25,000	07-01-78	1 year	06-30-79C	25,000.00F
4	North Carolina	NC-79	06-25-79	31,250	34,378	07-01-79	15 months	09-30-80C	34,451.34
4	North Carolina	NC-80P	09-25-80	25,000	37,695	10-01-80	1 year	09-30-81C	- - -
4	North Carolina	NC-81P	12-31-81	25,000	46,316	10-01-81	1 year	09-30-82	- - -
				25,000	50,705				
4	South Carolina	SC-77	06-17-77	25,000	26,828	07-01-77	1 year	06-30-78C	23,649.92F
4	South Carolina	SC-78	06-29-78	25,000	25,000	07-01-78	1 year	06-30-79C	24,138.97
4	South Carolina	SC-79	06-25-79	31,250	31,250	07-01-79	15 months	09-30-80C	25,753.82
4	South Carolina	SC-80P	09-25-80	25,000	25,000	10-01-80	1 year	09-30-81C	- - -
4	South Carolina	SC-81P	09-14-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
4	Tennessee	TN-78	06-26-78	25,000	25,000	07-01-78	1 year	06-30-79C	18,493.21
4	Tennessee	TN-79	07-02-79	31,250	31,250	07-01-79	15 months	09-30-80C	31,250.00P
4	Tennessee	TN-80	09-25-80	25,000	30,000	10-01-80	1 year	09-30-81C	- - -
4	Tennessee	TN-81P	09-11-81	25,000	31,400	10-01-81	1 year	09-30-82	- - -

Reg.	Recipient	ID No.	Awarded	Fed. $	State $	Effective	Duration	Completion	Disbursed $
5	Illinois	IL-78	10-05-78	25,000	27,400P	11-01-78	1 year	10-31-79C	21,228.00P
5	Illinois	IL-79	08-01-80	11,900	13,290P	11-01-79	8 months	06-30-80C	- - -
5	Illinois	IL-80	09-20-80	16,856	30,486P	07-01-80	1 year	06-30-81C	- - -
5	Michigan	MI-78	10-05-78	25,000	57,673	10-01-78	1 year	09-30-79C	- - -
5	Michigan	MI-80	09-30-81	12,000	12,000	05-01-81	5 months	09-30-81C	- - -
5	Minnesota	MN-78	06-29-78	25,000	37,000	07-01-78	1 year	06-30-79C	21,743.34P
5	Minnesota	MN-79	09-15-79	25,000	42,140	07-01-79	1 year	06-30-80C	24,602.46P
5	Minnesota	MN-80	09-25-80	25,000	42,400	07-01-80	1 year	06-30-81C	- - -
5	Minnesota	MN-81	07-24-81	6,250	11,250	07-01-81	3 months	09-30-81C	- - -
5	Ohio	OH-79	09-15-79	25,000	32,128	07-01-79	1 year	06-30-80C	25,000.00P
5	Ohio	OH-80	09-20-80	25,000	37,538	07-01-80	1 year	06-30-81C	- - -
5	Ohio	OH-81	08-03-81	6,250	9,757.02	07-01-81	3 months	09-30-81C	- - -
5	Wisconsin	WI-78	09-14-78	25,000	25,000P	10-01-78	1 year	09-30-79C	25,000.00P
5	Wisconsin	WI-79	09-27-79	25,000	31,000	10-01-79	1 year	09-30-80C	17,040.29
5	Wisconsin	WI-80	09-20-80	25,000	25,000P	10-01-80	1 year	09-30-81C	- - -
6	Arkansas	AR-78	07-28-78	25,000	36,160	07-28-78	11 months	06-30-79C	22,630.67
6	Arkansas	AR-79	06-19-79	25,000	38,073	07-01-79	1 year	06-30-80C	20,943.33
6	Arkansas	AR-80	06-05-80	25,000	40,306	07-01-80	1 year	06-30-81C	24,069.35P
6	Arkansas	AR-81	06-22-81	6,000	6,250	07-01-81	3 months	09-30-81C	1,797.22
6	Arkansas	AR-82@	10-16-81	25,000	27,399	10-01-81	1 year	09-30-82	- - -
6	Louisiana	LA-78	02-15-78	25,000	33,261	03-01-78	1 year	02-28-79C	17,575.49
6	Louisiana	LA-79	03-01-79	25,000	25,000	03-01-79	1 year	02-29-80C	12,493.43
6	Louisiana	LA-80	02-15-80	25,000	25,000	03-01-80	1 year	02-28-81C	18,598.36
6	Louisiana	LA-81	02-15-81	6,250	6,250	07-01-81	3 months	09-30-81C	4,905.33
6	Louisiana	LA-82@	11-10-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
6	New Mexico	NM-80	07-01-80	25,000	25,000	07-01-80	1 year	06-30-81C	25,000.00P
6	New Mexico	NM-81	08-22-81	6,250	6,250	07-01-81	3 months	09-30-81C	- - -
6	New Mexico	NM-82@	10-20-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
6	Oklahoma	OK-78	02-15-78	21,850	21,850	05-01-78	1 1/6 Yr.	06-30-79C	21,248.49
6	Oklahoma	OK-79	06-18-79	23,300	23,300	07-01-79	1 year	06-30-80C	18,819.28
6	Oklahoma	OK-80	06-05-80	24,325	24,325	07-01-80	1 year	06-30-81C	21,177.66
6	Oklahoma	OK-81	06-11-81	6,250	6,250	07-01-81	3 months	09-30-81C	5,640.67
6	Oklahoma	OK-82@	10-16-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
7	Kansas	KS-78	09-21-78	25,000	25,000	10-01-78	1 year	09-30-79C	19,466.00
7	Kansas	KS-79	07-31-79	25,000	31,583	10-01-79	1 year	09-30-80C	28,958.57
7	Kansas	KS-80@	09-26-80	25,000	43,046	10-01-80	1 year	09-30-81C	- - -
7	Kansas	KS-81@	10-01-81	25,000	44,459	10-01-81	1 year	09-30-82	- - -
7	Missouri	MO-78	09-05-78	18,750	25,277	10-01-78	9 months	06-30-79C	18,750.00P
7	Missouri	MO-79	06-22-79	25,000	28,087	07-01-79	1 year	06-30-80C	20,797.64P
7	Missouri	MO-80	06-23-80	25,000	25,000	07-01-80	1 year	06-30-81C	25,000.00P
7	Missouri	MO-81@	10-20-91	25,000	25,000	10-01-81	1 year	09-30-82	- - -
7	Nebraska	NE-78	07-17-78	18,470	18,470	08-01-78	1 year	07-31-79C	16,825.37
7	Nebraska	NE-79	07-31-79	20,500	20,500	08-01-79	1 year	07-31-80C	16,317.24
7	Nebraska	NE-80	07-03-80	22,500	22,500	08-01-80	1 year	07-31-81C	9,028.44
8	Colorado	CO-78	06-30-78	17,000	17,000	07-01-78	1 year	06-30-79C	13,295.09
8	Colorado	CO-79	06-29-79	18,975	18,975	07-01-79	1 year	06-30-80C	18,880.59P
8	Colorado	CO-80	06-30-80	21,812	21,812	07-01-80	1 year	06-30-81C	20,401.69
8	Colorado	CO-81	06-28-81	6,250	6,249	07-01-81	3 months	09-30-81C	1,867.81
8	Colorado	CO-82@	10-01-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
8	Montana	MT-79	06-15-79	25,000	25,000	07-01-79	1 year	06-30-80C	25,000.00P
8	Montana	MT-80	06-27-80	25,000	29,800	07-01-80	1 year	06-30-81C	22,908.82
8	Montana	MT-81	06-29-81	6,250	6,840	07-01-81	3 months	09-30-81C	6,250.7
8	Montana	MT-82@	10-07-81	25,000	26,800	10-01-81	1 year	09-30-82	- - -
8	North Dakota	ND-78	12-29-78	18,750	18,750	01-01-79	9 months	09-30-79C	6,474.21P
8	North Dakota	ND-79	09-19-79	21,508	21,508	10-01-79	1 year	09-30-80C	16,938.08
8	North Dakota	ND-80	09-30-80	25,000	25,000	10-01-80	1 year	09-30-81C	- - -
8	North Dakota	ND-82@	10-16-81	25,000	26,800	10-01-81	1 year	09-30-82	- - -
8	South Dakota	SD-82@	10-16-81	16,069	16,069	10-01-81	1 year	09-30-82	- - -
8	Utah	UT-79	08-01-79	25,000	25,000P	08-01-79	1 year	07-31-80C	24,316.82P
8	Utah	UT-80	07-29-80	25,000	25,000P	08-01-80	1 year	07-31-81C	14,532.06
8	Utah	UT-81	07-13-81	4,000	4,000K	08-01-81	2 months	09-30-81C	- - -
8	Utah	UT-82@	09-25-81	25,000	35,692F	10-01-81	1 year	09-30-82	- - -
8	Wyoming	WY-80	04-07-80	8,000	8,000P	04-01-80	6 months	09-30-80C	8,000.00P
8	Wyoming	WY-80A	09-30-80	25,000	25,000	10-04-80	1 year	09-30-81C	3,198.42
8	Wyoming	WY-82@	10-23-81	25,000	25,000	10-01-81	1 year	09-30-82	- - -
9	American Samoa	AS-79	01-03-79	25,000	10,800W	04-01-79	1 year	03-31-80C	25,000.00P
9	American Samoa	AS-80	04-20-80	25,000	-0-W	04-01-80	1 year	03-31-81C	23,440.02
9	American Samoa	AS-81	03-27-81	25,000	-0-W	04-01-81	1 year	03-31-82	3,750.00
9	Arizona	AZ-79	04-03-79	12,500	12,500	01-01-79	6 months	06-30-79C	12,500.00P
9	Arizona	AZ-79A	06-20-79	25,000	25,000	07-01-79	1 year	06-30-80C	24,370.00
9	Arizona	AZ-80	07-31-80	6,250	6,250	07-01-80	3 months	09-30-80C	- - -
9	Arizona	AZ-80A@	09-08-80	25,000	25,000	10-01-80	1 year	09-30-81C	18,750.00
9	California	CA-78	06-29-78	25,000	25,000	07-01-78	1 year	06-30-79C	20,617.36P
9	California	CA-79	09-11-79	25,000	25,000	07-01-79	1 year	06-30-80C	23,225.04P
9	California	CA-80	07-30-80	25,000	25,000	07-01-80	1 year	06-30-81C	- - -
9	Hawaii	HI-79	09-25-79	23,571	23,571F	09-17-79	1 year	09-16-80C	21,631.02P
9	Hawaii	HI-80	08-29-80	25,000	29,126	09-17-80	1 year	09-16-81C	5,650.32
9	Nevada	NV-78	09-28-78	18,750	18,750	10-01-78	9 months	06-30-79C	17,984.74
9	No. Marianas	CM-78	11-22-78	25,000	25,000W	11-01-78	11 months	09-30-79C	22,917.00
9	No. Marianas	CM-79	02-29-80	25,000	-0-W	10-01-79	1 year	09-30-80C	22,131.24P
9	No. Marianas	CM-80	12-18-80	25,000	-0-W	10-01-80	1 year	09-30-81C	1,585.50
9	Trust Territory	TT-78	09-22-78	25,000	25,000P	10-01-78	1 year	09-30-79C	25,000.00P
9	Trust Territory	TT-79	09-25-79	25,000	26,191F	10-01-79	1 year	09-30-80C	22,632.89
9	Trust Territory	TT-80	09-17-80	25,000	40,774	10-01-80	1 year	09-30-81C	- - -
10	Alaska	AK-78	09-12-78	19,800	19,800	09-16-78	9 1/2 mo.	06-30-79C	18,543.53
10	Alaska	AK-79	06-28-79	25,000	25,000	07-01-79	1 year	06-30-80C	24,337.17P
10	Alaska	AK-80	08-13-80	25,000	25,000	07-01-80	1 year	06-30-81C	20,019.41
10	Alaska	AK-81	06-15-81	25,000	25,000	07-01-81	1 year	06-30-82	- - -
10	Idaho	ID-78	03-17-78	20,500	20,500	05-01-78	1 year	04-30-79C	17,310.55
10	Idaho	ID-79	04-23-79	23,700	23,700	05-01-79	14 months	06-30-80C	23,128.96
10	Idaho	ID-80	07-24-80	24,000	24,000	07-01-80	1 year	06-30-81C	23,988.74P
10	Idaho	ID-81	06-18-81	25,000	26,900	07-01-81	1 year	06-30-82	4,501.46
10	Washington	WA-80	04-18-80	25,000	25,000	04-15-80	1 year	04-14-81C	14,120.59P

@—Part of Comprehensive Cooperative Agreement
C—Closed Out
K—State Share In-Kind
P—State Share-Part Cash, Part In-Kind
W—Waiver of Share Approved

PREPAREDNESS IMPROVEMENT GRANTS AWARDED AS OF 12/31/81
PL 93-288 Section 201 (d)
TOTALS

Fiscal Year	First-Grant States #	Grants Awarded	Grants Begun	Grants Completed	Federal $ Obligated	State $ Commitment †	Federal $ Disbursed
1977	5	5	5	0	125,000	130,504	4,906.52
1978	22	27	21	7	619,792	672,468	188,460.72
1979	17	43	44	31	1,027,978	1,108,820	578,757.37
1980	4	54	43	46	1,249,826	1,387,528	826,535.26
1981	2	31	42	61	781,164.93	876,679.34	586,363.95
1982	1	27	32	2	809,819	927,296	63,055.88
cum.	52	187	187	147	4,613,579.93	5,103,295.34	224,079.70

† Cash or value of in-kind contributions; must equal or exceed Federal share; waived shares excluded.
# States awarded their first improvement grant during the year. (New Jersey, Delaware and South Dakota)

Note: The following States have never participated in the Improvement Grant Program –

Guam
Indiana
Iowa
Oregon
Texas

INDIVIDUAL ASSISTANCE

Question: On Page 14 of the Disaster Relief section of your budget, you note that the "Duplication of Benefits Handbook" and a "Mobile Home Sales Handbook" have been written and are in the process of being reviewed by the agency. When do you estimate that these handbooks will be published?

Answer: The Duplication of Benefits Handbook has been reviewed by the Regional Offices, many of whom have suggested changes in approach. Therefore, we have decided to re-think the philosophy of duplication of benefits. This will mean a new effort on the handbook. Some of the major new features of the reviewed document have been validated, however, so the task of revision will not require a complete rewrite. We expect the Mobile Home Sales Manual will be published as a mannual by May 31, 1982.

Question: What type of information will be contained in these handbooks?

Answer: The Duplication of Benefits Handbook will contain:

- A "Sequence of Delivery", which indicates the order in which assistance should be provided, and which helps determine which agency's assistance duplicates another.
- A listing of assistance available from various sources, which is useful for determining which assistance ought to be provided.
- Procedures for preventing, rectifying, and recovering duplicate benefits in the Temporary Housing, and Individual and Family Grant Programs.

The Mobile Home Sales Manual will contain:

- Policy and program guidance useful for Regions and State in selling mobile homes for permanent housing.
- A revised calculation of the "Adjusted Sales Prices", which will include the policy that prices will be adjusted only where no adequate alternate housing is available.
- Revision of the forms necessary to implement the sales process.

INDIVIDUAL ASSISTANCE COMPUTERIZATION PROJECT

Question: On page 15 of the Disaster Relief section of your budget, you list as one of your FY 81 accomplishments the development of the Individual Assistance Computerization Project. What is the purpose of this project?

Answer: The purpose of the project is to attempt to identify management requirements for the major individual assistance programs to enable the development of a fully integrated, comprehensive management information system.

Question: What is the cost of this project and how will it help to reduce the costs of the Disaster Relief Program?

Answer: To date, the project costs have been only those associated with staff time approximately 1.4 staff years.

If implemented, the system will enable accurate operational tracking of disaster victims. This will result in: a significant reduction in costly duplication of benefits; reduced administrative and staff costs; and a reduction in the overall time currently required to provide disaster assistance to victims.

Question: Has this project been fully developed -- if not, what is your timetable?

Answer: The systems design is currently 95% completed and will be completed not later than May 1, 1982. At that time, a decision will be made as to how much of the system will be funded beyond what is necessary to support Project Delta.

PUBLIC ASSISTANCE

Question: Under the Disaster Relief Program, Public Assistance Grants can be made for State and local governments for the repair and restoration of damaged public and certain private nonprofit facilities, removal of debris and the installation of emergency protective measures.

In FY 83, you intend to implement cost-saving measures dealing with Public Assistance Grants. What type of initiatives do you plan to undertake?

Answer: Some initiatives to save costs may be implemented during FY 1983 if the proposed authorization bill (S-2250) is enacted. They include: (1) 75/75 FEMA/State or local cost sharing of total eligible costs of debris removal and of permanent restorative work for damaged or destroyed public facilities (2) extending the application of present small project grant procedures to about ninety percent of all eligible work projects. At the present time small project grants are limited to $25,000 per applicant and under the proposed changed the small project grants would be made for each work project estimated at less than $25,000.

Other initiatives that will be taken during fiscal year 1983 include: (1) changes to audit requirements to eliminate Federal or State audits for work projects less than $25,000 except on a random sampling basis, or in cases of obvious gross errors or evidence of fraud; (2) Revisions to the Public Assistance Automated System to eliminate certain manual files and to permit greater reliance on computer records.

Question: Your public assistance regulations and handbooks have been simplified and completely rewritten. What type of changes were made in the public assistance regulations?

Answer: Changes were made in regulations to reflect the agency realignment. The material was reorganized in the regulations to make them easier to read and understand. Also, policies that heretofore had been stated as guidance are now included in the regulations, making them more comprehensive. The language of the regulations was clarified where necessary.

Question: Why was it necessary to completely rewrite the handbooks?

Answer: The rewritten handbooks reflect the agency realignment, and the changes in regulations. The material in the handbooks was reorganized to facilitate use of the handbooks as references and sources of information. Appropriate sections of the regulations were included in the handbooks for easy reference by users of the handbook.

MOBILE HOME STORAGE PROGRAM

On Page 15 of the Disaster Relief section of your budget, you discuss initiatives that were undertaken during FY 81 to make the Mobile Home Storage Program more cost effective. Please explain in more detail your efforts in these areas and how much you expect to save as a result of these changes.

Answer: The Northwest Strategic Storage Center was converted to an inactive facility, with a savings of six positions. Mobile home unit readiness was increased to 100 percent through improved contracting procedures. Mobile home refurbishment criteria for contractors were revised to incorporate savings attributable to FEMA specifications. Mobile home transportation procedures were revised to insure use of lowest cost carriers. An automated inventory management system was established to analyze storage center costs, and a standby mobile home procurement system was instituted with the General Services Administration. Estimated annual savings from these measures is $1.5 million.

Question: What is the total purchasing and refurbishing costs for these mobile homes?

Answer: Average purchase price of a FEMA specification mobile home is $11,000. The average refurbishing cost for a FEMA mobile home is $1,000.

Question: How many of these mobile homes were used in 1981?

Answer: In 1981, 142 mobile homes were used.

Question: How much did it cost to store these units in FY 81?

Answer: Total storage center expenditures for FY 1981 were $2.3 million.

Question: What will be the cost in FY 82?

Answer: Storage center expenditures for FY 1982 have been estimated at $1.25 million, depending on disaster activity.

PURCHASE OF PROPERTY

Question: Section 1362 of the National Flood Insurance Act of 1968, as amended, authorizes the purchase of flood damaged structures for permanent removal from flood risk areas. Purchased properties are then transferred by sale, lease or donation to the State or local government that agrees to accept the properties subject to open space use restrictions.

In FY 82, you intend to purchase 36 properties for a total cost of $1,619,463.

How many properties have you acquired in FY 82 to date and what have you spent on these acquisitions?

Answer: None have yet been formally acquired. FY 1982 plans are for the acquisition of 36 properties at a presently estimated cost of $1,574,000.

Question: How do these estimates compare to FY 81 -- what are your projections for FY 83?

Answer: In FY 83 we expect to purchase 87 properties at cost of $4,778,000. In FY 81, a total of 69 properties were purchased for $3,597,068, as follows:

Lake Elsinore, CA	-	36 properties
Belmont County, OH	-	2 properties
Hull, MA	-	3 properties
Peoria, IL	-	7 properties
Lodi, NJ	-	6 properties
Hamilton, WA	-	8 properties
Lost Creek, WVA	-	7 properties

Question: In FY 81, were the purchased properties transferred to the State and local governments by sale, lease or donation?

Answer: The properties were transferred to the local governments under an agreement between the acquiring community and FEMA for open space use.

Question: What criteria does FEMA use in deciding which properties should be purchased and the price which FEMA will pay for the property?

Answer: The criteria for acquisition of flood damaged structures under Section 1362, Public Law 90-448, as amended, are established under 44 CFR part 77.

The three primary criteria are:

- the property must be located in a flood risk area
- the property must have been covered by a flood insurance policy under the National Flood Insurance Program at the time the damage took place
- the building while covered by flood insurance must have been:
  - -- damaged substantially beyond repair, or
  - -- damaged not less than three previous times during the preceding five-year period, each time the cost of repair equaling 25 percent or more of the structure's value, or
  - -- damaged from a single casualty and where a local or State law precludes its repair or restoration, or permits repair or restoration only at significantly increased cost.

For properties which meet these statutory eligibility criteria, a second set of criteria dealing with the community's commitment to floodplain management and the cost-effectiveness of the project are considered.

The price paid by FEMA consists of the fair market value of the property as it was immediately prior to the last flood as determined by a professional fee appraiser under contract to FEMA pursuant to Federal appraisal standards. The purchase price usually is inclusive of part or all of the insurance claim to be paid as a result of the flood.

Question: How much money was collected in insurance premiums for the properties acquired in FY 81 -- what are your estimates for FY 82 and FY 83?

Answer: The amount of money collected for insurance premiums is not readily available but will be provided at a later date. Because the properties purchased are subject to frequent floodings the amount of premiums collected are insignificant to the amount of claims paid and to the purchase price. These properties if not purchased would continue to have a high adverse loss ratio.

Question: During FY 81, how many properties paid insurance premiums at subsidized rates and how many at actuarial rates?

Answer: All properties purchased in FY 81 were paying subsidized rates. It is highly unlikely that any properties paying actuarial rates will ever be purchased as these properties would not be creating a deficit in the flood insurance fund.

Question: What are your estimates for FY 82 and FY 83?

Answer: Premiums collected in FY 82 and in FY 83 on properties purchased will probably range between $3,000 and $7,000 each year.

STATE ASSISTANCE PROGRAM

Question: The State Assistance Program is designed to promote a unified, intergovernmental approach to floodplain management by providing States the opportunity to develop and enhance their floodplain management roles and capabilities. Please provide by State the amount of Federal funding, the number of State employees (full-time equivalents) and a breakdown of what each State has accomplished since it has participated in the program.

Answer: Funding amounts, at 100-percent Federal share, are shown in the first accompanying table. The FY 1982 figures are proposals because applications have not been awarded to date.

Full-time equivalent State employees funded in FY 1980 and FY 1981, the first two years of the State Assistance Program, are provided in the second table.

State accomplishments are compiled in the annual FEMA issuance "State Summaries, State Assistance Program." Those for FY 1980 and 81 are submitted for the Committee record.

FY '81 Awards (Supplemental & Target Funding combined)

STATE ASSISTANCE PROGRAM

Connecticut	$68,433
Maine	$50,000
Massachusetts	$177,609
New Hampshire	$50,000
Rhode Island	$50,000
Vermont	$50,000
New Jersey	$135,000
New York	$200,000
Puerto Rico	$100,000
Virgin Islands	$35,000
Delaware	$50,000
District of Col.	0
Maryland	$48,664
Pennsylvania	$200,000
Virginia	$75,000
West Virginia	$18,863
Alabama	$71,624
Florida	$209,500
Georgia	$55,000
Kentucky	$70,000
Mississippi	$85,000
North Carolina	$140,000
South Carolina	$50,000
Tennessee	$50,000
Illinois	$245,000
Indiana	$50,000
Michigan	$183,100
Minnesota	$75,000
Ohio	$105,000
Wisconsin	$99,523
Arkansas	$50,000
Louisiana	$200,000
New Mexico	$50,000
Oklahoma	$50,000
Texas	$190,054
Iowa	$50,000
Kansas	0
Missouri	$114,641
Nebraska	0
Colorado	$50,000
Montana	$47,727
North Dakota	$50,000
South Dakota	$50,000
Utah	$50,000
Wyoming	0
Arizona	$120,000
California	$200,000
Guam	$35,000
Hawaii	$50,000
Nevada	$50,000
Alaska	$73,344
Idaho	$50,000
Oregon	0
Washington	$55,000

STATE ASSISTANCE PROGRAM
Professional Staff Years
Full Time Equivalent

	FY 1980	FY 1981		FY 1980	FY 1981
Connecticut	1.6	4.0	Minnesota	3.9	2.8
Maine	1.4	1.6	Ohio	5.0	4.0
Massachusetts	7.2	5.4	Wisconsin	2.5	2.5
New Hampshire	1.6	1.0			
Rhode Island	1.2	1.2	Arkansas	1.7	1.8
Vermont	2.7	1.3	Louisiana	2.9	5.5
			New Mexico	2.5	1.7
New Jersey	4.0	5.0	Oklahoma	2.0	.8
New York	3.3	2.6	Texas	4.0	5.1
Puerto Rico	3.0	2.5			
Virgin Islands	1.0	.9	Iowa	1.5	.7
			Kansas	.8	*
Delaware	3.2	1.0	Missouri	3.5	5.0
District of Col.	1.0	*	Nebraska	1.1	1.1
Maryland	1.2	1.0			
Pennsylvania	7.4	3.5	Colorado	2.0	1.3
Virginia	2.9	2.8	Montana	1.2	.8
West Virginia	1.0	.3	North Dakota	2.5	1.6
			South Dakota	*	.7
Alabama	1.4	3.6	Utah	1.0	.8
Florida	4.3	6.1	Wyoming	3.7	*
Georgia	2.3	3.2			
Kentucky	2.9	2.3	Arizona	2.0	2.0
Mississippi	2.0	1.8	California	2.2	3.4
North Carolina	3.4	4.3	Guam	1.0	1.1
South Carolina	1.0	.8	Hawaii	*	1.5
Tennessee	1.9	1.7	Nevada	1.0	1.6
Illinois	5.2	3.5	Alaska	1.1	1.1
Indiana	2.0	2.4	Idaho	1.0	1.1
Michigan	4.8	4.1	Oregon	*	*
			Washington	3.0	1.4

Total:
FY 1980 = 128
FY 1981 = 117.3

*Did not participate

V. FY 80 Awards (Supplemental & Target Funding Combined)

STATE ASSISTANCE PROGRAM

Connecticut	$ 50,000	Minnesota	$100,000
Maine	$ 50,000	Ohio	$105,000
Massachusetts	$185,000	Wisconsin	$ 77,920
New Hampshire	$ 50,000		
Rhode Island	$ 59,513	Arkansas	$ 50,000
Vermont	$ 47,865	Louisiana	$186,270
		New Mexico	$ 69,000
New Jersey	$150,000	Oklahoma	$ 62,000
New York	$191,917	Texas	$200,000
Puerto Rico	$100,000		
Virgin Islands	$ 35,700	Iowa	$ 50,000
		Kansas	$ 26,967
Delaware	$ 50,000	Missouri	$108,714
District of Col.	$ 37,800	Nebraska	$ 49,880
Maryland	$ 49,992		
Pennsylvania	$200,000	Colorado	$ 50,000
Virginia	$ 85,000	Montana	$ 43,932
West Virginia	$ 60,000	North Dakota	$ 65,000
		South Dakota	$ 0
Alabama	$100,000	Utah	$ 50,000
Florida	$255,000	Wyoming	$ 56,589
Georgia	$ 73,000		
Kentucky	$ 72,473	Arizona	$120,000
Mississippi	$ 95,000	California	$199,600
North Carolina	$ 84,273	Guam	$ 28,205
South Carolina	$ 24,000	Hawaii	$ 0
Tennessee	$ 49,282	Nevada	$ 50,000
Illinois	$175,000	Alaska	$ 55,000
Indiana	$ 50,000	Idaho	$ 49,827
Michigan	$175,800	Oreon	$ 0
		Washington	$ 50,000

TOTAL $4,462,519

14-067 O - 83 - 27

STATE ASSISTANCE PROGRAM
Apportionment
for FY' 82

Connecticut	$48,000	Minnesota	$53,000
Maine	$42,000	Ohio	$63,000
Massachusetts	$61,000	Wisconsin	$51,000
New Hampshire	$40,000		
Rhode Island	$39,000	Arkansas	$46,000
Vermont	$40,000	Louisiana	$114,000
		New Mexico	$40,000
New Jersey	$72,000	Oklahoma	$48,000
New York	$102,000	Texas	$164,000
Puerto Rico	$40,000		
Virgin Islands	$36,000*	Iowa	$45,000
		Kansas	$45,000
Delaware	$38,000	Missouri	$55,000
District of Col.	$6,000*	Nebraska	$41,000
Maryland	$48,000		
Pennsylvania	$102,000	Colorado	$46,000
Virginia	$55,000	Montana	$38,000
West Virginia	$49,000	North Dakota	$42,000
		South Dakota	$37,000
Alabama	$69,000	Utah	$41,000
Florida	$109,000	Wyoming	$37,000
Georgia	$49,000		
Kentucky	$53,000	Arizona	$47,000
Mississippi	$56,000	California	$126,000
North Carolina	$57,000	Guam	$33,000*
South Carolina	$46,000	Hawaii	$38,000
Tennessee	$46,000	Nevada	$38,000
Illinois	$72,000	Alaska	$37,000
Indiana	$49,000	Idaho	$40,000
Michigan	$61,000	Oregon	$47,000
		Washington	$51,000

*Indicates target derived from special formula applied to $75,000 for Reserve Fund Territories based on Population in Flood Hazard Area

Total Funds Targeted for States	$2,948,000
Supplemental Projects Fund	$52,000
Total FY' 82 Funds	$3,000,000

BARRIER ISLANDS

Question: P.L. 97-35, the Omnibus Reconciliation Act, prohibits the sale of flood insurance to undeveloped coastal barrier islands after October 1, 1983. In order to properly identify these areas, flood insurance maps must be developed. Have you begun to identify these areas?

Answer: No. Congress has instructed the Secretary of the Department of the Interior (DOI) to identify and designate all undeveloped coastal barrier islands which would become ineligible for insurance coverage. DOI's draft definitions and draft maps are now in a public review and comment period. Only when DOI's identification becomes final and the Congress concurs (which DOI is planning on occurring in October 1982) will FEMA start to revise its Flood Insurance Maps. In the meantime, FEMA has sent representatives to DOI's coastal barrier task force and has been working closely with them.

Question: When do you estimate the development of the flood insurance maps will be completed?

Answer: All Flood Insurance Maps will be revised by June 1983 provided DOI's definitions and identifications are accepted by the Congress. The June 1983 completion date needs to be met in order to provide time for review and comment, and printing and mailing of the maps so that they can be distributed prior to the October 1, 1983, deadline.

FLOOD STUDIES

Question: Your current FY 82 budget estimate for flood studies and surveys is $32,356,000 or a decrease of $10,244,000 from your March budget request. I understand this reduction was taken in order to help offset increased pay raises, telephone bills and administrative expenses.

On Page 81 of the State and Local Assistance section of your budget you go on to state that FEMA "will not be able to fulfill the Congressional mandate to finish the detailed studies of all flood-prone communities by August 1983". In view of this statement, what was your justification for requesting this reduction from flood studies?

Answer: Due to appropriations reductions in the last four years and the quadrupling of the number of flood-prone communities identified after the 1968 Act was passed, there was a recognition that the August 1983 date could not be met. Because of so few areas where FEMA could obtain the funds for its 12 percent budget reductions, increase in salaries, and increase in telephone tariffs, it was determined to take a portion of the funds necessary to meet these obligations from the flood insurance studies appropriations. The $10,244,000 reduction did not affect ongoing studies, but did delay for one year the initiation of new studies. In making the decision, it was determined that approximately 80% of the flood-prone population of the nation reside in communities which have been studied or where studies are underway.

APPEALS OF FLOOD MAPS

Question: Flood Hazard Boundary Maps (FHBMs) and Flood Insurance Rate Maps (FIRMs) are subject to appeal by local officials and citizens. In FY 83, you indicate that you will be evaluating 400 official appeals.

How many appeals did you receive in FY 81?

Answer: During FY 81 FEMA received about 602 appeals, or requests for community-wide revisions of FHBMs and FIRMs.

Question: Of this number, how many maps were revised?

Answer: Of this number, 528 maps were revised or have a revision now in progress. The balance were either denied or deferred. Denials occur when there is not sufficient existing technical or scientific data to show the regulatory base flood elevations to be in error. Deferrals are made when an appeal is made for other than changes to the base flood elevations. These deferrals are often made when the appeal requests changes to the community's corporate boundaries or other cosmetic changes to the map such as showing new streets and new housing developments. These requests are deferred until such time as a revision of the base flood elevations are necessary.

Question: Please describe for the record the appeals process.

Answer: For the record, the administrative procedures for appealing the flood elevation determinations shown on an FHBM or FIRM are defined by parts 65 and 67 of the Code of Federal Regulations, Title 44.

Paraphrased these regulations state that the Chief Executive Officer (CEO) of a community participating in the NFIP shall submit to the Administrator (now the Director of FEMA) technical or scientific information which indicates the community's base flood elevations to be inaccurate. This information is to be provided within six months of its becoming available.

Part 65 states such information may include but not be limited to a topographic map, hydrologic data, or information about a flood control project that became available after the flood insurance study was performed. Both the hydrologic data and the flood control project information are to be of such detail as to allow FEMA to evaluate the hydrologic computations or of such detail as to show the affected area on a detailed map and the changes in the base flood elevations.

Upon receipt of this data, FEMA must mail an acknowledgment to the CEO and then notify the CEO within 90 days that (1) the base flood elevations as shown are correct and will not be modified; (2) new base flood elevations will be established under Part 67, CFR 44; or, (3) an additional 90 days is required to evaluate the data submitted by the CEO.

If the appeal results in a change of the base flood elevations, then proposed new base flood elevations are determined and become subject to further appeal under Part 67, CFR 44. The right of appeal then extends to any owner or lessee of real property within the community. The basis of appeal is the same as Part 65, information which shows the proposed base flood elevations to be scientifically or technically incorrect. Appeals are to be made within 90 days of receiving notice of the proposed base flood elevations. Appeals by private persons are to be submitted to the CEO who in turn is to forward them to FEMA. The CEO may decide whether these private appeals are sufficient to justify an appeal by the community in its own name or not.

If an appeal of the proposed base flood elevations is filed, FEMA will resolve the appeal in consultation with officials of the local government, through administrative hearings, or by submitting the conflicting data to an independent scientific body or appropriate Federal agency for advice. Most frequently, appeals are successfully resolved in consultation with local officials.

Question: How much have you budgeted for processing these appeals and making the required rescissions?

Answer: FEMA has budgeted approximately $2 million to process the anticipated 400 appeals of Flood Hazard Boundary Maps and Flood Insurance Rate Maps it expects to receive during FY 83. This sum provides for the completion of all activities associated with appeal resolution including rescissions and/or issuance of revised maps.

Question: What local review procedures have you implemented to reduce the number of appeals?

Answer: FEMA has encouraged local involvement in all stages of study preparation and processing in an attempt to limit the number of appeals. This is accomplished primarily through three vehicles, the Initial Time and Cost Meeting, the Intermediate Meeting, and the Final Community Consultation Meeting. In addition, our FEMA regional representatives are always available to answer or explain questions or concerns local community officials may have.

The Initial Time and Cost Meeting is conducted even before the study is begun. Our FEMA regional representative meets with local community officials and the prospective study contractor to explain which areas will be studied and by which methods. Local officials are requested to provide information on past flooding problems and any previous studies or actions taken with respect to these problems. They are also asked to provide the best available information with regard to community maps, flood control projects planned or proposed, and other areas that might impact on study results. After this meeting, the study is initiated.

The study contractor conducts an Intermediate Meeting with local officials once tentative findings of the study are available. This is usually a technical meeting where study assumptions,

methodologies and results are described. Also, this meeting provides an opportunity to compare tentative study findings with flooding problems the community may have experienced. Study contractor flood hazard delineations, both the depth of flooding and areal extent, are presented to the community officials on a work map. Adjustments may be made to the study at this point if they are technically justified.

Prior to a final Community Consultation Meeting, the study contractor submits tentative study findings to FEMA for technical review. During the technical review, FEMA conducts an in-depth review of the study contractor's findings to ensure that the study is technically sound and that no computational or graphical errors have been made. Preliminary maps are then prepared and presented to community officials at the Final Community Consultation Meeting. This is usually a public meeting which is attended by interested parties in the community. Once again study results are explained and any concerns or questions are addressed. About one month after the final meeting has been held, FEMA initiates the formal 90-day appeals period. Less than five percent of all the studies FEMA performs are appealed during this period. We attribute our success to the high degree of community involvement we maintain throughout the study preparation and processing phases.

FLOOD STUDIES AND SURVEYS

Question: On Page 81 of your State and Local Assistance section of your budget, you indicate that investigations are underway into providing flood data to communities without having to incur the expense of a full Flood Insurance Study.

What are some of the alternatives you are investigating?

Answer: The incorporation of existing data into a flood insurance study reports and maps. These are referred to as existing data studies (XDS). About 100 such studies are now in progress by Federal and State agencies. These agencies will be asked to provide information on major flood hazard studies and reports that have been prepared under their aegis. These materials will be reviewed to determine if there is available data to allow the establishment of 100-year regulatory base flood elevations in the community. Preliminary indications are that about 500 communities nationwide might be converted to the regular phase of NFIP in this manner.

Limited flood insurance studies in areas with minor flood hazards will require about two-thirds or less the effort and expense of a detailed flood insurance study. This concept may be implemented on a pilot basis during FY 83.

Question: How much do you estimate would be saved by not conducting a flood study on each community?

Answer: A detailed flood insurance study for an average sized community costs about $88,000. An XDS study is expected to cost about $8,000. Therefore a savings of about $80,000 per study may result. These savings apply only for communities with minor flooding problems and with little likelihood of development.

FLOOD STUDIES

Question: Detailed flood studies are performed by private architectural and engineering firms as well as other Federal agencies like the Army Corps of Engineers and the Tennessee Valley Authority.

Why is it necessary to have these studies performed by outside firms and other Federal agencies?

Answer: Section 1360 of the National Flood Insurance Act of 1968 authorized the Secretary (Director) to enter into agreements with other Federal agencies and private firms to perform flood insurance studies. It was the intent of Congress for FEMA to use other resources rather than hire 300 engineers to perform the studies.

Question: Please provide a list of the private firms and agencies that have performed these studies.

Answer: A listing of the more than 380 contracts under which private firms have performed flood insurance studies for FEMA is provided for the record. Also provided are listings of the 370 contracts with Federal agencies and the 28 contracts with State and local governmental organizations.

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

A&E FIRMS

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
CAMP DRESSER & MCKEE, INC.	EMWC0046	80
DELEUW CATHER & COMPANY	EMWC0060	79
CARL C CRANE INC	EMWC0065	79
HOWARD,NEEDLES,TAMMEN,BERGENDOFF	EMWC0093	82
GEE AND JENSON	EMWC0159	80
LOWE ENGINEERS	EMWC0270	80
MOORE GARDNER & ASSOC	EMWC0272	80
WILLIAMS AND SHELADIA	EMWC0273	80
URS/MCPHER, SMITH & ROSENSTEIN	EMWC0275	82
RICHARD BROWNE ASSOCIATES	EMWC0276	80
WHITMAN & HOWARD, INC'	EMWC0277	80
C.E. MAGUIRE, INC.	EMWC027R	80
ANDREWS & CLARK	EMWC0279	80
SCHUENFELD ASSOCIATES, INC.	EMWC0280	80
UNITED INDUSTRIES CORP	EMWC0281	80
HUDGINS, THOMPSON & BALL	EMWC0282	82
CH2M HILL INC	EMWC0283	80
MAYS, SUDDERTH & ETHERIDGE	EMWC0286	80
DONOHUE & ASSOCIATIONS, INC.	EMWC0287	80
OWEN AYRES & ASSOCIATES INC	EMWC028R	81
FINKBEINER PETTIS & STROLT, LTD	EMWC0289	82
HANZA ENGINEERING CO.	EMWC0291	80
EDWARDS & KELCEY, INC.	EMWC0322	80
HAMILTON ENGRS	EMWC0334	80
JOHNSON AND ANDERSON INC	EMWC0335	82
TETRA TECH	EMWC0344	80
STONE AND WEBSTER	EMWC0405	80
URS/MCPHER, SMITH & ROSENSTEIN	EMWC0609	81
R.M. BOOKER ASSOCIATES	EMWC0673	81
RICHARD BROWNE ASSOCIATES	EMWC0674	81
DUFRESNE-HENRY, INC.	EMWC0683	81
LEONARD JACKSON ASSOC	EMWC0690	
GREINER ENGINEERING SCIENCES	EMWC0691	81
TUDOR ENGR.	EMWC0695	81
DEWILD GRANT RECKERT & ASSOC. CO.	EMWC0696	81
J.M. MONTGOMERY, C.E., INC.	EMWC0700	81
JOHNSON & ANDERSON, INC.	EMWC0702	81
BOYLE ENGINEERING CORPORATION	EMWC0722	81
CELLA BARR ASSOC.	EMWC0726	81
MCFARLAND-JOHNSON-ENGS.	EMWC0730	81
HAZEN & SAWYER	EMWC0733	78
WOOLPERT CONSULTANTS	EMWR0647	81
MSM CONSULTANTS, INC.	EMWR0709	81
	EMW-C-02R 9	
TURNER, COLLIE & BRADEN INC.	H1667	72
LOCKWOOD ANDREWS NEWMAN INC	H1900	72
CARL C CRANE INC	H3681	74
TOURS CORPORATION	H3692	74
TURNER, COLLIE & BRADEN INC.	H3695	74
ROY F. WESTON INC.	H3798	75
BARR ENGINEERING	H3799	75
MICHAEL BAKER, JR., INC.	H3R00	76
OWEN AYRES & ASSOCIATES INC	H3R05	75
DEWILD, GRANT, RECKERT	H3R06	77
DALTON, DALTON, LITTLE &	H3R10	75
L. ROBERT KIMBALL	H3R11	75
MICHAEL BAKER JR., INC.	H3R12	76
GANNETT/FLEMING/CORDDRY/CARPENTER	H3R13	75
CH2M HILL INC	H3R15	75
JOHNSON AND ANDERSON INC	H3R16	75
ROY F. WESTON INC.	H3R18	76
TETRA TECH	H3R30	75
GOUDKIND AND O'DEA, INC.	H3R31	76
CAMP, DRESSER & MCKEE, INC.	H3R32	75
CH2M HILL INC	H3R33	75
TETRA TECH	H3R39	75
CAMP, DRESSER & MCKEE, INC.	H3R61	75
ANDERSON AND NICHOLS	H3R62	76
E.C. JORDAN CO., INC.	H3R83	76
BURGESS & NIPLE, LTD.	H3911	76
TOURS AND LOIEDERMAN	H3928	76
GREENHORNE & OMARA INC	H3960	76

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 25, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
FRUMAN, ANTHONY ASSOCIATES	H3961	76
HARRIS-TOURS	H3962	76
HOWARD NEEDLES TAMMEN AND	H3963	76
WILEY AND WILSON, INC.	H3964	76
HARRIS-TOURS	H3965	76
OWEN AYRES & ASSOCIATES INC	H3967	76
HOWARD NEEDLES TAMMEN AND	H3968	76
JOHNSON AND ANDERSON INC	H3969	76
WILLIAMS & WORKS, INC.	H3970	76
WATER RESOURCES ENGINEERS	H3971	76
URS/FORREST & COTTON, INC.	H3972	76
TURNER, COLLIE & BRADEN INC.	H3973	76
HOWARD NEEDLES TAMMEN AND	H3976	76
ROY F. WESTON INC.	H3977	76
HARZA ENGINEERING CO.	H3978	76
VOGT-IVERS AND ASSOC. INC.	H3979	76
HOWARD NEEDLES TAMMEN AND	H3980	76
BURGESS & NIPLE, LTD.	H3981	76
BAHR ENGINEERING	H3982	76
EDWARDS & KELCY, INC.	H3983	76
HOWARD NEEDLES TAMMEN AND	H3984	76
WEBSTER, FOSTER AND WESTON	H3986	77
HARRIS-TOUR	H3987	76
J.T. BANNER & ASSOCIATES,INC	H3988	76
ANDERSON AND NICHOLS	H3989	76
HAMILTON ENGINEERING ASSOC.	H3990	76
WEBSTER, FOSTER AND WESTON	H3991	76
J.T. BANNER & ASSOCIATES,INC	H3992	76
NELSON, HALEY, PATTERSON AND	H3993	76
CH2M HILL INC	H3994	76
STHAAM ENGINEERS INC.	H3995	76
TUDOR ENGINEERING	H3996	76
KIRKHAM AND MICHAEL	H3998	76
HOSKINS-WESTERN SONDEREGGER	H3999	76
HENNINGSON, DURHAM AND	H4000	76
HOWARD NEEDLES TAMMEN AND	H4004	76
STANLEY CONSULTANTS INC.	H4005	77
BLACK AND VEATCH	H4006	76
DUBUIS AND KING	H4007	76
HARRIS-TOURS	H4008	76
HOWARD NEEDLES TAMMEN AND	H4009	76
HOWARD NEEDLES TAMMEN AND	H4011	76
BUCHER & WILLIS	H4012	76
CLYDE E. WILLIAMS AND ASSOC.	H4013	76
CAMP, DRESSER & MCKEE, INC.	H4014	76
HOWARD NEEDLES TAMMEN AND	H4016	76
GINGERY ASSOCIATES, INC.	H4017	76
BURGESS & NIPLE, LTD.	H4018	76
ANDERSON AND NICHOLS	H4019	76
DUFRESNE-HENRY	H4020	76
TUDOR ENGINEERING	H4021	76
COLE ASSOCIATES	H4023	76
HARRIS-TOURS	H4024	76
SCHEMMER & ASSOC.	H4025	78
HUHLAUT, KERSICH, AND	H4026	76
MORRISON-MAIERLE	H4027	76
R.W. BOOKER & ASSOCIATES,INC	H4028	76
RUSSELL AND AXON	H4029	76
NIELSON MAXWELL & WANGSGARD	H4030	76
HARRIS-TOURS ASSOCIATES	H4032	76
TUDOR ENGINEERING	H4033	76
RETZ-CONVERSE-MURDOCH,INC.	H4034	76
GEORGE S. NOLTE AND ASSOC.	H4035	76
SVERDRUP AND PARCEL	H4037	76
HOWARD NEEDLES TAMMEN AND	H4040	76
GARVER & GARVER, INC.	H4045	77
MOORE GARDNER & ASSOCIATES	H4046	76
PARSONS, BRINCKERHOFF, QUADE	H4047	76
ROY F. WESTON INC.	H4048	76
O'BRIEN & GERE, ENGINEERS	H4049	77
WILBUR SMITH & ASSOCIATES	H4050	77

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
WATER RESOURCES ENGINEERS	H4052	78
SMITH & SANDERS, INC.	H4057	77
PALMER & BAKER ENGS., INC.	H4058	77
TETRA TECH	H4059	77
TRYCK, NYMAN AND HAYES	H4060	TC
BOHANNAN HESTMAN HUSTON &	H4061	77
LAW ENGINEERING TESTING CO.	H4062	77
HAYES,SUDDERTH & ETHERIDGE,	H4063	TC
R.A. BOOKER & ASSOCIATES,INC	H4075	77
STONE & WEBSTER ENG. CORP.	H4092	77
DEVELOPMENT & RESOURCES CORP	H4095	TC
GILBERT COMMONWEALTH	H4500	77
FROMAN, ANTHONY & ASS., INC.	H4501	77
ROY F. WESTON INC.	H4502	77
TETRA TECH	H4510	77
BENITO SINCLAIR & ASSOC. INC	H4516	78
WILLIAMS, QUALITY ENG., INC.	H4518	77
C.E. MAGUIRE	H4523	77
ANDERSON AND NICHOLS	H4524	77
S. E. HUEY COMPANY	H4525	78
PYBURN AND ODOM, INC.	H4526	77
BLACK AND VEATCH	H4527	77
DALTON, DALTON, LITTLE &	H4528	77
FINKBEINE ,PETTIS&STROUT LTD	H4529	77
OWEN AYRES & ASSOCIATES INC	H4530	77
CARL C CRANE INC	H4531	77
JOHNSON A D ANDERSON INC	H4535	77
JOHNSON A D ANDERSON INC	H4535?2	78
SNELL ENVIRONMENTAL GROUP	H4536	77
GILBERT ASSOCIATES, INC.	H4537	77
WILLIAMS & WORKS, INC.	H4538	77
RAHN ENGINEERING	H4539	77
EDWARDS & KELCY, INC.	H4540	77
BURGESS & NIPLE, LTD.	H4541	77
WADE, TRIM & ASSOC., INC.	H4542	77
TETRA TECH	H4543	78
J&A/CRAWFORD ,MURPHY &	H4545	77
HOWARD, NEEDLES, TAMMEN AND	H4548	77
GINGERY ASSOCIATES, INC.	H4549	77
GOODKIND AND O'DEA, INC.	H4550	78
HENNINGSON, DURHAM AND	H4551	77
DELEUW CARTER & COMPANY	H4552	77
MICHAEL BAKER JR., INC.	H4553	77
L. ROBERT KIMBALL	H4554	78
JUSTIN & COURTNEY	H4555	78
BUCHART-HORN	H4556	77
GILBERT COMMONWEALTH	H4557	77
BUCHER & WILLIS	H4558	77
HENNINGSON, DURHAM AND	H4559	77
C.E. MAGUIRE	H4560	77
JAMES P. PURCELL ASSCO., INC	H4561	77
MANZA ENGINEERING CO.	H4562	78
ROY F. WESTON INC.	H4563	77
HARRIS-TOURS	H4564	77
HOWARD, NEEDLES, TAMMEN AND	H4565	77
HYDRO TECH ENGINEERING, INC.	H4566	77
BENHAM BLAIR & AFFILIATES	H4567	77
TURNER, COLLIE & BRADEN INC.	H4568	78
ESPEY, HUSTON & ASSOC., INC.	H4569	77
FREESE AND NICHOLS/HEDY &	H4570	77
JAMES & BERGER	H4572	77
DELEUW CARTER & COMPANY	H4573	77
HOWARD NEEDLES TAMMEN AND	H4575	77
DUFRESNE-HENRY	H4576	77
DUBOIS AND KING	H4577	78
E.C. JORDAN CO., INC.	H4578	77
MORRISON-MAIERLE	H4579	78
	H4580	78
MOORE GARDNER & ASSOCIATES	H4581	77
CH2M HILL INC	H4582	78
MONTGOMERY ENGRS. OF NEVADA	H4583	77
WERMAN CHAPMAN ASSOC., INC.	H4585	77

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
WEHRMAN CHAPMAN ASSOC., INC.	H4586	77
BARR ENGINEERING	H4587	77
MICHAEL BAKER, JR., INC.	H4588	77
ANDERSON AND NICHOLS	H4589	77
ROY F. WESTON INC.	H4590	78
CH2M HILL INC	H4591	78
ROLLINS, BROWN & GUNNELL	H4593	80
GARVER & GARVER, INC.	H4594	77
CH2M HILL INC	H4595	77
HUGGINS, THOMPSON & HALL	H4596	78
EDWARD M. RICHARDSON	H4597	77
DALTON, DALTON, LITTLE &	H4598	77
CH2M HILL INC	H4600	77
BOYLE ENGINEERING CORP.	H4602	78
ROVAY ENGINEERS, INC.	H4603	78
STONE & WEBSTER ENG. CORP.	H4604	78
ANDERSON AND NICHOLS	H4605	77
HARRIS-TOMPS	H4606	78
CELLA, BARR, EVANS & ASSOC.	H4607	78
TUDOR ENGINEERING	H4608	78
BOYLE ENGINEERS CORP.	H4609	78
	H4610	78
PICKERING, WOOTEN, SMITH, WEISS	H4618	78
GEE & JENSON ENGINEERS	H4625	78
TIPPETTS, ABBETT, MCCARTHY	H4626	78
MICHAEL BAKER, JR., INC.	H4631	78
ACRES AMERICAN	H4632	78
MCFARLAND JOHNSON ENGINEERS	H4633	80
LOWE ENGINEERING, INC	H4634	78
PETZ-CONVERSE-MURDOCH, INC.	H4635	78
LAW ENGINEERING TESTING CO.	H4636	79
MAYES, SUDDERTH & ETHERIDGE,	H4638	78
G REYNOLDS WATKINS	H4639	80
R.W. BOOKER & ASSOCIATES, INC	H4640	78
BERHAM BLAIR & AFFILIATES	H4642	78
URS/FORREST & COTTON, INC.	H4643	78
HENNINGSON, DURHAM &	H4644	80
RUCHER & WILLIS	H4645	78
URS/MCPHEE, SMITH&ROSENSTEIN	H4647	78
ALBERT H. HALFF & ASSOC., INC	H4648	78
HARRIS-TOMPS	H4700	78
OWEN & WHITE, INC	H4701	78
PROFESSIONAL ENG CONSULTING	H4702	78
SERVITRON, INC.	H4703	78
MCNAMEE, PORTER, SEELEY/SMITH	H4705	78
TOLTZ, KING, DUVALL,	H4706	78
MCCOMBS-KNUTSON ASSOC., INC.	H4707	78
EUGENE A. HICKOK & ASSOCS.,	H4708	78
BOYLE ENGINEERING CORP.	H4709	78
GENGE/MEUMER, SERAFINI &	H4710	78
PHILLIP W. GENOVESE & ASSOC.	H4711	78
SCHEMMER & ASSOC.	H4712	78
HOUSTON/KIRKHAM-MICHAEL	H4713	79
ALFRED BENESCH & CO.	H4714	78
BLACK AND VEATCH	H4715	78
BURGESS & NIPLE, LTD.	H4717	79
CLARK, DIETZ&ASSOC, ENG, INC.	H4719	78
DAILY AND ASSOCIATES	H4720	80
TOMPS CORPORATION	H4721	78
GEORGE S. NOLTE AND ASSOCIATES	H4722	78
BROWN & CALDWELL	H4723	78
MCCALEB ENGINEERING CO.	H4724	78
LUCHS & BECKERMAN	H4725	78
DONOHUE & ASSOCIATIONS, INC	H4726	78
J.M. MONTGOMERY CONSULTING ENGRS,	H4727	78
GOVE ASSOCIATES, INC.	H4728	78
GILBERT COMMONWEALTH	H4729	78
R.W. BOOKER & ASSOCIATES, INC	H4730	78
DALTON DALTON NEWPORT/	H4732	78
HENNINGSON, DURHAMRICHARDSON	H4733	78
T&M ASSOCIATES	H4734	78
LAWLER, MATUSKY & SKELL/	H4736	78

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 2b, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
ASSOCIATED ENGINEERS	H4737	78
WALLACE,HOLLAND,KASTLER,	H4738	78
DEWILD GRANT RECKERT & ASSOC	H4739	80
HAZEN & SAWYER	H4740	78
LOCKWOOD, KESSLER & BARTLETT	H4741	78
STAUNTON & FREEMAN	H4742	78
GREINER ENGINEERING SCIENCES	H4743	78
CENTURY ENGINEERS, INC	H4744	78
KIDDE CONSULTANTS	H4745	78
GARVER & GARVER, INC.	H4746	78
MORRISON-MAIERLE	H4747	78
SHIVE-HATTERY & ASSOCIATES	H4748	78
DUBOIS AND KING	H4749	78
ED. C. JORDAN/KNIGHT CONSUL.	H4750	78
DUFRESNE-HENRY	H4751	78
HARWOOD BEEBE CO.	H4752	78
LAW ENGINEERING TESTING CO.	H4753	79
WILLIAM F. FREEMAN ASSOC.	H4754	78
TRIANGLE ENGR. & SURVEYING	H4755	78
MOORE GARDNER & ASSOCIATES	H4756	79
RALPH L. WOOLPERT COMPANY	H4757	78
PICKERING, CORTS & SUMMERSON	H4758	78
GREEN INTERNATIONAL, INC.	H4759	78
HUTH ENGINEERS, INC.	H4760	78
L. ROBERT KIMBALL	H4761	78
GAI CONSULTANTS	H4762	78
BOLLWAGUARD/BERGER ASSOC.	H4763	78
YULE, JORDAN & ASSOCIATES	H4764	80
FRUMAN, ANTHONY & ASS., INC.	H4765	78
ENGR & ASSOCIATED DESIGN SER	H4767	78
GEO-TECHNICAL SERVICES	H4768	78
A.G. MARTIN	H4769	78
URBAN ENGINEERS	H4770	78
ANCO/RAI/RECO	H4771	78
STONE & WEBSTER ENG. CORP.	H4772	78
AMERICAN CONSULTING ENG., INC	H4773	80
MID-STATES ENGR. CO. INC.	H4774	78
CLYDE E. WILLIAMS AND ASSOC.	H4775	78
HARRIS-TOMPS	H4776	78
	H4777	78
POST,BUCKLEY,SCHUH&JERNIGAN/	H4778	79
GEE & JENSON ENGINEERS	H4779	78
STUTTLER STAGG & ASSOCIATES	H4780	79
REYNOLDS,SMITH & HILLS	H4781	78
HATH	H4782	78
MILLER & NEWELL CONSULTING	H4783	78
CARL C CRANE INC	H4785	78
ESPEY, HUSTON & ASSOC., INC.	H4786	78
	H4787	78
TETRA TECH, INC.	H4788	79
ROY F. WESTON INC.	H4789	78
GINGERY ASSOCIATES, INC.	H4790	78
FAY,SPOFFORD & THORNDIKE,	H4791	78
VOLLMER ASSOC., INC.	H4792	80
GREEN INTERNATIONAL, INC.	H4793	78
SCHUENFELD ASSOC. INC.	H4794	78
RESOURCES ANALYSIS/PERKINS	H4795	78
RANK ENGINEERING	H4796	78
CULLINAN ENGINEERING CO. INC.	H4797	79
RUSSELL AND AXON	H4798	78
MALCOLM PIRNIE, INC.	H4799	78
METCALF & EDDY,INC./ALSTOT.	H4800	78
PFISTERER,TOR ENGINEERS	H4801	78
WADE, TRIM & ASSOC., INC.	H4802	78
HANZA ENGINEERING CO.	H4803	78
GANNETT/FLEMING/CORDORY/CARPENTER	H4804	79
	H4806	79
	H4807	79
URS/MCPHER,SMITH&ROSENSTEIN	H4808	78
TIPPETTS, ABBETT, MCCARTHY	H4809	78
CH2M HILL INC	H4810	78
RANGE,WAGGONER,SUMNER&CANNON	H4811	79

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
JOHN J. HARTE ASSOC.	H4812	79
PYBURN AND ODOM, INC.	H4813	80
CH2M HILL INC	H4814	80
HETZ-CONVERSE-MURDOCH, INC.	H4815	78
MICHAEL BAKER JR., INC.	H4816	78
GILBERT COMMONWEALTH	H4817	78
ROY F. WESTON INC.	H4818	78
BUCHART - HORN	H4819	80
GANNETT/FLEMING/CORDDRY/CARPENTER	H4820	80
ANDERSON AND NICHOLS	H4821	79
DEVELOPMENT & RESOURCES CORP	H4824	79
URBITRAN ASSOCIATES	H4825	79
D. HAUGH & ASSOCIATES, INC.	H4826	79
K. M. NG & ASSOCIATES	H4829	79
BENHAM BLAIR & AFFILIATES	H4854	80
GOODKIND AND O'DEA, INC.	H6810	78
EDWARDS A D KELCEY	H6812	79
ROY F. WESTON, INC.	H6822	80
TETRA TECH	H6830	82
MOORE GARDNER & ASSOC	H6831	80
CARL C CRANE INC	H6848	80
GARVER & GARVER, INC.	H6850	80
BOHANNAN HESTMAN HUSTON &	H6852	80
BENHAM BLAIR & AFFILIATES	H6854	80
R.W. BOOKER & ASSOCIATES, INC	H6863	79
BLACK AND VEATCH	H6864	79
HOSKINS-WESTERN SONDEREGGER	H6866	79
CAPP, DRESSER & MCKEE, INC.	H6867	79
CH2M HILL INC	H6872	80
CH2M HILL INC	H6874	80

A&E FIRMS

GRAND TOTAL OF ~~STUDIES~~ 389

FEDERAL AGENCIES

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
U.S. ARMY CORP OF ENGINEERS	EMCW0405	71
U.S. ARMY CORP OF ENGINEERS	EMWC0105	80
U.S. ARMY DIVISION	EMWC0539	
U.S. ARMY CORP OF ENGINEERS	EMWE0105	80
ROCK ISLAND DISTRICT, CORPS OF ENG	EMWE0539	81
TENNESSEE VALLEY AUTHORITY	EMWE0771	81
U.S. ARMY CORP OF ENGINEERS	H1878	78
U.S. ARMY CORP OF ENGINEERS	H3815	75
SMALL BUSINESS ADMINISTRATION	H4514	77
SMALL BUSINESS ADMINISTRATION	H4518	77
U.S. GEOLOGICAL SURVEY	H4734	77
U.S. GEOLOGICAL SURVEY	H4772	71
SOIL CONSERVATION SERVICE	H4797	70
U.S. ARMY CORP OF ENGINEERS	H6830	74
FEDERAL INSURANCE ADMINISTRATION	H6880	71
U.S. ARMY CORP OF ENGINEERS	U077320	77
U.S. ARMY CORP OF ENGINEERS	0	74
U.S. ARMY CORP OF ENGINEERS	0178030	80
U.S. ARMY CORP OF ENGINEERS	0178040	78
U.S. ARMY CORP OF ENGINEERS	0273010	73
U.S. ARMY CORP OF ENGINEERS	0273020	73
U.S. ARMY CORP OF ENGINEERS	0273040	73
U.S. ARMY CORP OF ENGINEERS	0273130	73
U.S. ARMY CORP OF ENGINEERS	0273140	73
U.S. GEOLOGICAL SURVEY	0369010	69
U.S. GEOLOGICAL SURVEY	0373020	72
U.S. GEOLOGICAL SURVEY	0373900	73
NATL OCEANIC & ATMOSPHERIC ADM	0573010	73
NATL OCEANIC & ATMOSPHERIC ADM	0573050	73
NATL OCEANIC & ATMOSPHERIC ADM	0573060	73
BUREAU OF RECLAMATION	0677040	77
U.S. ARMY CORP OF ENGINEERS	0776060	76
U.S. ARMY CORP OF ENGINEERS	0776070	76
U.S. ARMY CORP OF ENGINEERS	0776080	76
U.S. ARMY CORP OF ENGINEERS	0776090	76
U.S. ARMY CORP OF ENGINEERS	0776100	76
U.S. ARMY CORP OF ENGINEERS	0776110	76
U.S. ARMY CORP OF ENGINEERS	0776120	76
U.S. ARMY CORP OF ENGINEERS	0776130	76
U.S. ARMY CORP OF ENGINEERS	0776140	76
U.S. ARMY CORP OF ENGINEERS	0776150	76
U.S. ARMY CORP OF ENGINEERS	0776160	76
U.S. ARMY CORP OF ENGINEERS	0776170	76
U.S. ARMY CORP OF ENGINEERS	0776180	76
U.S. ARMY CORP OF ENGINEERS	0776190	77
U.S. ARMY CORP OF ENGINEERS	0776200	76
U.S. ARMY CORP OF ENGINEERS	0776210	76
U.S. ARMY CORP OF ENGINEERS	0776220	76
U.S. ARMY CORP OF ENGINEERS	0776230	76
U.S. ARMY CORP OF ENGINEERS	0776240	76
U.S. ARMY CORP OF ENGINEERS	0776250	76
U.S. ARMY CORP OF ENGINEERS	0776260	76
U.S. ARMY CORP OF ENGINEERS	0776290	76
TENNESSEE VALLEY AUTHORITY	0777020	77
TENNESSEE VALLEY AUTHORITY	0777030	77
TENNESSEE VALLEY AUTHORITY	0777040	77
TENNESSEE VALLEY AUTHORITY	0777050	77
TENNESSEE VALLEY AUTHORITY	0777080	77
TENNESSEE VALLEY AUTHORITY	0777090	77
TENNESSEE VALLEY AUTHORITY	0777100	77
U.S. ARMY CORP OF ENGINEERS	0870010	69
U.S. ARMY CORP OF ENGINEERS	0870060	70
U.S. ARMY CORP OF ENGINEERS	0870110	70
U.S. ARMY CORP OF ENGINEERS	0870120	70
U.S. ARMY CORP OF ENGINEERS	0870130	70
U.S. ARMY CORP OF ENGINEERS	0870140	70
U.S. ARMY CORP OF ENGINEERS	0870150	70
U.S. ARMY CORP OF ENGINEERS	0870160	70
U.S. ARMY CORP OF ENGINEERS	0870180	70
U.S. ARMY CORP OF ENGINEERS	0870210	70
U.S. ARMY CORP OF ENGINEERS	0871010	71
U.S. ARMY CORP OF ENGINEERS	0871050	71
U.S. ARMY CORP OF ENGINEERS	0871060	71
U.S. ARMY CORP OF ENGINEERS	0871081	71

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
U.S. ARMY CORP OF ENGINEERS	0A71090	71
U.S. ARMY CORP OF ENGINEERS	0A7110	71
U.S. ARMY CORP OF ENGINEERS	0A71100	71
U.S. ARMY CORP OF ENGINEERS	0A71150	71
U.S. ARMY CORP OF ENGINEERS	0A71210	70
U.S. ARMY CORP OF ENGINEERS	0A71300	7F
U.S. GEOLOGICAL SURVEY	0A76020	7F
U.S. GEOLOGICAL SURVEY	0A76030	7F
U.S. GEOLOGICAL SURVEY	0A76040	7F
U.S. GEOLOGICAL SURVEY	0A76050	7F
U.S. GEOLOGICAL SURVEY	0A76060	77
U.S. GEOLOGICAL SURVEY	0A76070	7F
U.S. GEOLOGICAL SURVEY	0A76080	7F
U.S. GEOLOGICAL SURVEY	0A76090	7F
U.S. GEOLOGICAL SURVEY	0A76100	7F
U.S. GEOLOGICAL SURVEY	0A76110	7F
U.S. GEOLOGICAL SURVEY	0A76120	7F
U.S. GEOLOGICAL SURVEY	0A76130	7F
U.S. GEOLOGICAL SURVEY	0A76140	7F
U.S. GEOLOGICAL SURVEY	0A76150	7F
U.S. GEOLOGICAL SURVEY	0A76160	7F
U.S. GEOLOGICAL SURVEY	0A76170	7F
U.S. GEOLOGICAL SURVEY	0A76180	7F
U.S. GEOLOGICAL SURVEY	0A76190	7F
U.S. GEOLOGICAL SURVEY	0A76200	7F
U.S. GEOLOGICAL SURVEY	0A76220	7F
U.S. GEOLOGICAL SURVEY	0A76230	7G
U.S. GEOLOGICAL SURVEY	0A76240	7G
U.S. GEOLOGICAL SURVEY	0A77050	77
SOIL CONSERVATION SERVICE	0A77060	77
SOIL CONSERVATION SERVICE	0A77070	77
SOIL CONSERVATION SERVICE	0A77080	77
SOIL CONSERVATION SERVICE	0A77090	77
SOIL CONSERVATION SERVICE	0A77100	77
SOIL CONSERVATION SERVICE	0A77130	77
SOIL CONSERVATION SERVICE	0A77150	77
SOIL CONSERVATION SERVICE	0A77180	77
SOIL CONSERVATION SERVICE	0A78020	7A
U.S. ARMY CORP OF ENGINEERS	0969010	69
U.S. ARMY CORP OF ENGINEERS	0971050	71
SOIL CONSERVATION SERVICE	0971051	70
SOIL CONSERVATION SERVICE	0971120	71
SOIL CONSERVATION SERVICE	0976010	7E
SOIL CONSERVATION SERVICE	0976050	7E
SOIL CONSERVATION SERVICE	0976060	7E
SOIL CONSERVATION SERVICE	0976070	7F
SOIL CONSERVATION SERVICE	0976080	7F
SOIL CONSERVATION SERVICE	0976090	7F
SOIL CONSERVATION SERVICE	0976110	7F
SOIL CONSERVATION SERVICE	0976120	7E
SOIL CONSERVATION SERVICE	0976130	7F
SOIL CONSERVATION SERVICE	0976140	7G
SOIL CONSERVATION SERVICE	0976160	7G
SOIL CONSERVATION SERVICE	0976170	7G
U.S. GEOLOGICAL SURVEY	0977020	77
U.S. GEOLOGICAL SURVEY	0977060	77
U.S. GEOLOGICAL SURVEY	0977110	77
U.S. GEOLOGICAL SURVEY	0977150	77
U.S. GEOLOGICAL SURVEY	0977170	77
U.S. GEOLOGICAL SURVEY	0977180	77
U.S. GEOLOGICAL SURVEY	0977190	77
U.S. GEOLOGICAL SURVEY	0977200	77
U.S. GEOLOGICAL SURVEY	0977220	77
U.S. GEOLOGICAL SURVEY	0977230	77
U.S. GEOLOGICAL SURVEY	0977250	77
U.S. GEOLOGICAL SURVEY	0977260	77
U.S. GEOLOGICAL SURVEY	0977270	77
U.S. GEOLOGICAL SURVEY	0977280	77
U.S. GEOLOGICAL SURVEY	0979010	79
U.S. ARMY CORP OF ENGINEERS	0979020	79
U.S. ARMY CORP OF ENGINEERS	0979030	79
U.S. ARMY CORP OF ENGINEERS	0979040	79
U.S. ARMY CORP OF ENGINEERS	0979050	79
U.S. ARMY CORP OF ENGINEERS	0979060	80
U.S. ARMY CORP OF ENGINEERS	0979070	79
U.S. ARMY CORP OF ENGINEERS	0979080	79
U.S. ARMY CORP OF ENGINEERS	0979090	79

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
U.S. ARMY CORP OF ENGINEERS	0979100	81
U.S. ARMY CORP OF ENGINEERS	0979110	79
U.S. ARMY CORP OF ENGINEERS	0979120	79
U.S. ARMY CORP OF ENGINEERS	0979130	80
U.S. ARMY CORP OF ENGINEERS	0979140	79
U.S. ARMY CORP OF ENGINEERS	0979150	80
U.S. ARMY CORP OF ENGINEERS	0979170	79
U.S. ARMY CORP OF ENGINEERS	0979180	81
U.S. ARMY CORP OF ENGINEERS	0979190	79
U.S. ARMY CORP OF ENGINEERS	0979210	80
U.S. ARMY CORP OF ENGINEERS	0979220	79
U.S. ARMY CORP OF ENGINEERS	0979230	80
U.S. ARMY CORP OF ENGINEERS	0979240	79
U.S. ARMY CORP OF ENGINEERS	0979250	79
U.S. ARMY CORP OF ENGINEERS	0979260	80
U.S. ARMY CORP OF ENGINEERS	0979270	79
U.S. ARMY CORP OF ENGINEERS	0979280	79
U.S. ARMY CORP OF ENGINEERS	0979290	80
U.S. ARMY CORP OF ENGINEERS	0979300	79
U.S. ARMY CORP OF ENGINEERS	0979310	79
U.S. ARMY CORP OF ENGINEERS	0979320	80
U.S. ARMY CORP OF ENGINEERS	0979330	80
U.S. ARMY CORP OF ENGINEERS	0979350	80
U.S. ARMY CORP OF ENGINEERS	0979360	79
U.S. ARMY CORP OF ENGINEERS	0979370	79
U.S. ARMY CORP OF ENGINEERS	0979380	79
U.S. ARMY CORP OF ENGINEERS	0979390	80
U.S. ARMY CORP OF ENGINEERS	0979400	79
U.S. ARMY CORP OF ENGINEERS	0979410	79
U.S. ARMY CORP OF ENGINEERS	0979420	79
U.S. ARMY CORP OF ENGINEERS	1017080	77
TENNESSEE VALLEY AUTHORITY	1071010	71
TENNESSEE VALLEY AUTHORITY	1071020	71
TENNESSEE VALLEY AUTHORITY	1071030	71
TENNESSEE VALLEY AUTHORITY	1071040	71
TENNESSEE VALLEY AUTHORITY	1071050	71
TENNESSEE VALLEY AUTHORITY	1071070	71
NATL OCEANIC & ATMOSPHERIC ADM	1074010	79
NATL OCEA IC & ATMOSPHERIC ADM	1074050	79
U.S. ARMY CORP OF ENGINEERS	1077050	77
U.S. ARMY CORP OF ENGINEERS	1077060	77
U.S. ARMY CORP OF ENGINEERS	1077080	77
U.S. ARMY CORP OF ENGINEERS	1077090	77
U.S. ARMY CORP OF ENGINEERS	1077100	77
U.S. ARMY CORP OF ENGINEERS	1077120	77
U.S. ARMY CORP OF ENGINEERS	1077130	77
U.S. ARMY CORP OF ENGINEERS	1077150	77
U.S. ARMY CORP OF ENGINEERS	1077160	77
U.S. ARMY CORP OF ENGINEERS	1077170	77
U.S. ARMY CORP OF ENGINEERS	1077190	77
U.S. ARMY CORP OF ENGINEERS	1077200	77
U.S. ARMY CORP OF ENGINEERS	1077210	77
U.S. ARMY CORP OF ENGINEERS	1077220	77
U.S. ARMY CORP OF ENGINEERS	1077240	77
U.S. ARMY CORP OF ENGINEERS	1077250	77
U.S. ARMY CORP OF ENGINEERS	1077260	77
U.S. ARMY CORP OF ENGINEERS	1077290	77
U.S. ARMY CORP OF ENGINEERS	1077320	77
TENNESSEE VALLEY AUTHORITY	1176040	76
TENNESSEE VALLEY AUTHORITY	1176050	76
TENNESSEE VALLEY AUTHORITY	1176080	77
TENNESSEE VALLEY AUTHORITY	1176090	76
SOIL CONSERVATION SERVICE	1179010	79
SOIL CONSERVATION SERVICE	1179020	79
SOIL CONSERVATION SERVICE	1179030	79
SOIL CONSERVATION SERVICE	1179040	79
SOIL CONSERVATION SERVICE	1179050	79
SOIL CONSERVATION SERVICE	1179060	79
SOIL CONSERVATION SERVICE	1179070	79
SOIL CONSERVATION SERVICE	1179080	79
SOIL CONSERVATION SERVICE	1179090	79
SOIL CONSERVATION SERVICE	1179100	79
SOIL CONSERVATION SERVICE	1179110	80
SOIL CONSERVATION SERVICE	1179120	79
SOIL CONSERVATION SERVICE	1179130	79
SOIL CONSERVATION SERVICE	1179140	80
TENNESSEE VALLEY AUTHORITY	1279010	79

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
TENNESSEE VALLEY AUTHORITY	1270040	70
TENNESSEE VALLEY AUTHORITY	1270090	70
TENNESSEE VALLEY AUTHORITY	1270100	70
BUREAU OF RECLAMATION	1276010	76
TENNESSEE VALLEY AUTHORITY	1279010	79
TENNESSEE VALLEY AUTHORITY	1279020	80
TENNESSEE VALLEY AUTHORITY	1279030	80
TENNESSEE VALLEY AUTHORITY	1279040	80
TENNESSEE VALLEY AUTHORITY	1279050	79
TENNESSEE VALLEY AUTHORITY	1279060	79
TENNESSEE VALLEY AUTHORITY	1279070	80
SOIL CONSERVATION SERVICE	1470040	70
U.S. GEOLOGICAL SURVEY	1478010	78
U.S. GEOLOGICAL SURVEY	1478020	78
U.S. GEOLOGICAL SURVEY	1478030	78
U.S. GEOLOGICAL SURVEY	1478040	78
U.S. GEOLOGICAL SURVEY	1478050	78
U.S. GEOLOGICAL SURVEY	1478060	78
U.S. GEOLOGICAL SURVEY	1478070	78
U.S. GEOLOGICAL SURVEY	1478080	78
U.S. GEOLOGICAL SURVEY	1478090	78
U.S. GEOLOGICAL SURVEY	1478100	78
U.S. GEOLOGICAL SURVEY	1478110	78
U.S. GEOLOGICAL SURVEY	1478120	78
U.S. GEOLOGICAL SURVEY	1478130	78
U.S. GEOLOGICAL SURVEY	1478150	78
U.S. GEOLOGICAL SURVEY	1478160	78
U.S. GEOLOGICAL SURVEY	1478170	78
U.S. GEOLOGICAL SURVEY	1478180	78
U.S. GEOLOGICAL SURVEY	1478190	78
U.S. ARMY CORP OF ENGINEERS	1572020	72
U.S. ARMY CORP OF ENGINEERS	1572031	72
U.S. ARMY CORP OF ENGINEERS	1572070	72
TENNESSEE VALLEY AUTHORITY	1578010	78
TENNESSEE VALLEY AUTHORITY	1578020	78
SOIL CONSERVATION SERVICE	1672050	72
SOIL CONSERVATION SERVICE	1672150	72
SOIL CONSERVATION SERVICE	1672500	72
U.S. ARMY CORP OF ENGINEERS	1675020	75
U.S. ARMY CORP OF ENGINEERS	1675040	74
U.S. ARMY CORP OF ENGINEERS	1675100	75
U.S. ARMY CORP OF ENGINEERS	1675110	74
U.S. ARMY CORP OF ENGINEERS	1675140	75
U.S. ARMY CORP OF ENGINEERS	1675160	75
U.S. ARMY CORP OF ENGINEERS	1675170	75
U.S. ARMY CORP OF ENGINEERS	1675190	75
U.S. ARMY CORP OF ENGINEERS	1675200	75
U.S. ARMY CORP OF ENGINEERS	1675210	75
U.S. GEOLOGICAL SURVEY	1772020	71
U.S. GEOLOGICAL SURVEY	1772031	72
U.S. GEOLOGICAL SURVEY	1772040	72
U.S. GEOLOGICAL SURVEY	1775030	75
U.S. GEOLOGICAL SURVEY	1775070	75
U.S. GEOLOGICAL SURVEY	1775080	75
U.S. GEOLOGICAL SURVEY	1775090	75
U.S. GEOLOGICAL SURVEY	1775100	75
U.S. GEOLOGICAL SURVEY	1775110	75
U.S. GEOLOGICAL SURVEY	1775120	75
U.S. GEOLOGICAL SURVEY	1775130	75
U.S. GEOLOGICAL SURVEY	1775140	75
U.S. GEOLOGICAL SURVEY	1775150	75
U.S. GEOLOGICAL SURVEY	1775160	75
SOIL CONSERVATION SERVICE	1778010	78
SOIL CONSERVATION SERVICE	1778020	78
SOIL CONSERVATION SERVICE	1778030	78
SOIL CONSERVATION SERVICE	1778040	78
SOIL CONSERVATION SERVICE	1778050	78
SOIL CONSERVATION SERVICE	1778060	78
SOIL CONSERVATION SERVICE	1778070	78
SOIL CONSERVATION SERVICE	1778080	78
SOIL CONSERVATION SERVICE	1778090	78
TENNESSEE VALLEY AUTHORITY	1872728	72
SOIL CONSERVATION SERVICE	1875040	75
SOIL CONSERVATION SERVICE	1875080	75
U.S. ARMY CORP OF ENGINEERS	1878010	78
U.S. ARMY CORP OF ENGINEERS	1878030	78
U.S. ARMY CORP OF ENGINEERS	1878040	78

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
U.S. ARMY CORP OF ENGINEERS	1A78050	78
U.S. ARMY CORP OF ENGINEERS	1A78060	78
U.S. ARMY CORP OF ENGINEERS	1A78080	78
U.S. ARMY CORP OF ENGINEERS	1A78090	78
U.S. ARMY CORP OF ENGINEERS	1A78100	78
U.S. ARMY CORP OF ENGINEERS	1A78110	78
U.S. ARMY CORP OF ENGINEERS	1A78120	78
U.S. ARMY CORP OF ENGINEERS	1A78130	78
U.S. ARMY CORP OF ENGINEERS	1A78140	78
U.S. ARMY CORP OF ENGINEERS	1A78150	78
U.S. ARMY CORP OF ENGINEERS	1A78160	78
U.S. ARMY CORP OF ENGINEERS	1A78170	78
U.S. ARMY CORP OF ENGINEERS	1A78180	78
U.S. ARMY CORP OF ENGINEERS	1A78200	78
U.S. ARMY CORP OF ENGINEERS	1A78210	78
U.S. ARMY CORP OF ENGINEERS	1A78220	78
U.S. ARMY CORP OF ENGINEERS	1A78230	78
U.S. ARMY CORP OF ENGINEERS	1A78250	78
U.S. ARMY CORP OF ENGINEERS	1A78260	78
U.S. ARMY CORP OF ENGINEERS	1A78270	78
U.S. ARMY CORP OF ENGINEERS	1A78280	78
U.S. ARMY CORP OF ENGINEERS	1A78290	78
U.S. ARMY CORP OF ENGINEERS	1A78300	78
U.S. ARMY CORP OF ENGINEERS	1A78310	78
U.S. ARMY CORP OF ENGINEERS	1A78320	78
U.S. ARMY CORP OF ENGINEERS	1A78330	78
U.S. ARMY CORP OF ENGINEERS	1A78340	78
U.S. ARMY CORP OF ENGINEERS	1A78350	78
U.S. ARMY CORP OF ENGINEERS	1A78360	78
U.S. ARMY CORP OF ENGINEERS	1A78380	78
U.S. ARMY CORP OF ENGINEERS	1A78390	78
U.S. ARMY CORP OF ENGINEERS	1A78410	80
U.S. ARMY CORP OF ENGINEERS	1A78420	78
U.S. ARMY CORP OF ENGINEERS	1A78430	78
U.S. ARMY CORP OF ENGINEERS	1A78440	78
U.S. ARMY CORP OF ENGINEERS	1A78450	78
U.S. ARMY CORP OF ENGINEERS	1A78460	78
U.S. GEOLOGICAL SURVEY	1971010	71
U.S. GEOLOGICAL SURVEY	1971020	71
U.S. GEOLOGICAL SURVEY	1971040	71
U.S. GEOLOGICAL SURVEY	1971070	71
NATL OCEANIC & ATMOSPHERIC ADM	1972011	72
NATL OCEANIC & ATMOSPHERIC ADM	1972020	72
NATL OCEANIC & ATMOSPHERIC ADM	1972040	72
U.S. ARMY CORP OF ENGINEERS	1974050	74
U.S. ARMY CORP OF ENGINEERS	1974060	74
U.S. ARMY CORP OF ENGINEERS	1974130	74
U.S. ARMY CORP OF ENGINEERS	1974140	74
U.S. ARMY CORP OF ENGINEERS	1974170	74
U.S. ARMY CORP OF ENGINEERS	1974180	74
U.S. ARMY CORP OF ENGINEERS	1974200	74
U.S. ARMY CORP OF ENGINEERS	1974220	74
NATL OCEANIC & ATMOSPHERIC ADM	1975010	75
U.S. ARMY CORP OF ENGINEERS	2069010	70
NATL OCEANIC & ATMOSPHERIC ADM	2071020	71
U.S. GEOLOGICAL SURVEY	2074160	74
U.S. GEOLOGICAL SURVEY	2074170	74
TENNESSEE VALLEY AUTHORITY	2075050	75
TENNESSEE VALLEY AUTHORITY	2075090	75
TENNESSEE VALLEY AUTHORITY	2075100	80
U.S. GEOLOGICAL SURVEY	2270030	70
SOIL CONSERVATION SERVICE	2374090	74
U.S. ARMY CORP OF ENGINEERS	2769010	69
NATL OCEANIC & ATMOSPHERIC ADM	2777010	74
BUREAU OF RECLAMATION	2875010	75

Federal Agencies

GRAND TOTAL OF ~~STUDIES~~: 370

STATE AGENCIES

FLOOD INSURANCE PROGRAM
STUDY CONTRACTOR LISTING
MAR 26, 1982

NAME OF CONTRACTOR	CONTRACT NUMBER	FY YEAR STARTED
DELAWARE RIVER BASIN COMM	EMWC0249	80
STATE OF MD DEPT OF NATURAL RES	EMWC0274	80
SUSQUEHANNA RIVER BASIN COMM	H3496	73
DELAWARE RIVER BASIN COMM	H3747	
SUSQUEHANNA RIVER BASIN COMM	H3824	75
N.J. STATE DEPT OF ENVIR PROT	H3855	76
N.Y. STATE DEPT OF ENVIRONMENTAL	H3856	75
LOS ANGELES CTY FLOOD CONTROL DIST	H3940	78
DELAWARE RIVER BASIN COMM	H3941	76
ILLINOIS STATE WATER SURVEY	H3942	77
N.Y. STATE DEPT OF ENVIRONMENTAL	H3945	76
CALIF DEPT OF WATER RESOURCE	H3947	77
COMMONWEALTH OF PUERTO RICO	H3948	78
N.J. STATE DEPT OF ENVIR PROT	H3959	10
DELAWARE RIVER BASIN COMM	H4521	77
ILLINOIS STATE WATER SURVEY	H4522	78
STATE OF MD DEPT OF NATURAL RES	H4544	77
N.J. STATE DEPT OF ENVIR PROT	H4546	77
N.Y. STATE DEPT OF ENVIRONMENTAL	H4547	77
CALIF DEPT OF WATER RESOURCE	H4571	78
STATE OF MD DEPT OF NATURAL RES	H4621	78
DELAWARE RIVER BASIN COMM	H4622	78
N.J. STATE DEPT OF ENVIR PROT	H4623	78
N.Y. STATE DEPT OF ENVIRONMENTAL	H4624	78
N.Y. STATE DEPT OF ENVIRONMENTAL	H4784	78
DELAWARE RIVER BASIN COMM	H4808	79
STATE OF MD DEPT OF NATURAL RES	H4817	
SUSQUEHANNA RIVER BASIN COMM	0	76

STATE AGENCIES
GRAND TOTAL OF ~~STUDIES~~: 28

Question: How much do you estimate will be paid to these firms and agencies in FY 82 -- what are your projections for FY 83?

Answer: Limited staff resources and the Administration's goal of reducing the size of the Federal workforce have prevented the performance of flood insurance studies in-house by FEMA. A flood insurance study for an average community requires about 1600 staff hours to complete. This estimate does not include the time required for performing aerial and land surveys. It also excludes time for management and monitoring, printing, distribution, storage and retrieval. Additionally, at least four on-site visits to each community are required before a study can be completed. The travel required would place demands against staff time. Thus, to perform the 112 studies to be initiated in FY 83, FEMA would have to increase its staffing by at least 90 positions.

A listing of the more than 380 contracts under which private firms have performed flood insurance studies for FEMA is attached. Also attached are listings of the 370 contracts with Federal agencies and the 28 contracts with State and local governmental organizations.

There are about 203 private firm, 50 Federal agency, and 16 State and local organization contracts now in effect for the completion of some 3,000 flood insurance studies. FEMA will pay these firms and agencies about $9.8 million in FY 82 and about $18.2 million in FY 83.

The $9.8 million to be paid in FY 82 is the sum of the monies allocated for "studies in progress" ($6.986 million) and for "restudies" ($2.8 million) as shown on page 79.

In addition to the $9.8 million to be paid in FY 82 to these contractors, another $15.27 will be paid to 4 contractors who provide technical evaluation services; $3.5 million will be paid to another three contractors who prepare flood hazard boundary maps and map revisions; $300,000 will be paid to another 10 contractors to prepare special studies; $500,000 will be paid to one contractor to store and distribute FEMA's maps; and about $3,000,000 will be paid to many small contractors to print maps, study texts and Federal Register Notices. Printing has been contracted for through the Government Printing Office, hence the number of printing contractors is not known.

The $18.2 million to be paid in FY 83 to A&E firms and Federal agencies is the sum of the monies allocated for "Studies in Progress" ($8.282 million), "New Studies" ($6.8 million) and "Restudies" ($3.1 million) as shown on page 79.

In addition to the $18.2 million mentioned above, another $18.7 million will be paid to contractors who provide technical evaluation services and another $3.7 million will be paid to contractors who prepare flood hazard boundary maps and map revisions (as of this date, the number of contractors that will perform these services is not known but it will be between 7 and 10); $1.1 million will be paid to another ten contractors to perform special studies; $600,000 will be paid to one contractor to store and distribute FEMA's maps; and about $3.3 million will be paid to many small contractors to print maps and study texts and Federal Register Notices.

Technical Evaluation Contractors

Bernard Johnson, Inc.
Greenhorn and O'Mara
Dewberry and Davis
Dames and Moore

FHBM and Map Revision Contractors

Michael Baker, Jr.
Century Engineering
Gannett, Fleming Cordory Carpenter

Map Storage and Distribution Contractor

Data Mail

FLOOD DATA

Question: All floodplain maps are distributed to the various agencies and local officials by an outside firm hired by FEMA. Why is it necessary to hire an outside firm?

Answer: FEMA has a limited staff to perform this task. A large volume of material is required to be distributed. The distribution is time sensitive.

Question: What firm was awarded the contract in FY 81?

Answer: Two contracts were awarded. DATA MAIL INC., was awarded a contract in FY 81 to distribute the printed material to communities, agencies and to the public distributor. Market Research Compilation Bureau was awarded a contract in FY 81 to distribute the maps to the public, insurance agents and lenders.

Question: What were the amounts of these contracts?

Answer: DATA MAIL INC., contract amounted to $392,000. Market Research Compilation Bureau contract amounted to $1,211,696.

Question: Will the same firm distribute the maps in FY 82?

Answer: Yes.

Question: What will be the cost of this service in FY 82?

Answer: The DATA MAIL INC. contract is budgeted at $400,000.

The Market Research Compilation Bureau contract is budgeted at $1,031,600.

FLOOD STUDIES AND SURVEYS

Question: During FY 83, you intend to initiate ten new special flood studies at a cost of approximately $1.1 million. Why are these studies necessary? Please describe for the record what each of these studies will entail and where these studies will be initiated.

Answer: The following are the special studies to be undertaken during FY 83. A brief description of each follows the listing.

SPECIAL STUDIES - FY 1983

1.	Guidance Manual for the Placement of Mobile Homes in Floodplains	$ 135,000
2.	Alternative Flood Study Methodologies and Regulatory Options for Rural Areas	125,000
3.	Urban Storm Water Management (Phase I - State-of-the-art analysis and applicability to the NFIP)	120,000
4.	Determination of Need for Wave Height Information along the Great Lakes Shoreline	90,000
5.	Storm Surge Frequency and Evaluations for Puerto Rico and Virgin Islands	65,000
6.	Storm Surge Data Collection	65,000

7.	Analysis of methods for implementing the forthcoming GAO recommendations relative to community compliance with the NFIP	150,000
8.	Update and Revise Coastal Construction Manual	60,000
9.	V-zone Criteria for Wave Run-up (North Atlantic, Pacific, Alaska Pacific and Great Lakes)	110,000
10.	Tsunami Frequencies and Elevations for the Alaska Pacific Coast	180,000
		1,100,000

• Guidance Manual for the Placement of Mobile Homes in Floodplain

Although basic NFIP floodplain management standards can be applied to mobile homes in a similar manner as to conventional housing, there are significant construction differences. Technical guidance needs to be provided on topics such as proper methods for elevating mobile homes on pilings and columns. For example, the methods for anchoring mobile homes to these pilings and columns will be different than for conventional housing. This study would develop technical standards on this and related issues and develop a publication to provide guidance to the construction industry and local officials.

• Alternative Flood Study Methodologies and Regulatory Options for Rural Areas

The purpose of this study is to improve the effectiveness of floodplain management in rural communities. Because of the low population densities in these communities, FEMA cannot economically justify conducting the detailed engineering studies used as the basis for floodplain regulations in urbanized areas. This study will examine methods of providing inexpensive flood data to these rural communities. It will also examine simplified methods for effectively managing floodplain development in rural communities that seldom have access to technical expertise.

• Urban Storm Water Management (Phase I - State-of-the-Art Analysis and Applicability to the NFIP

This study is necessary because a very significant portion of flood damages nationwide and flood insurance claims result from inadequately designed and maintained urban drainage systems: Traditional risk assessment studies and floodplain management measures are not appropriate or applicable to this type of hazard. Rather, the solution to the problem appears to lie within the realm of stormwater management. We believe that a study of this nature is necessary to assess the state-of-the-art in stormwater management and whether urban drainage flooding and stormwater management, as a mitigation measure, should be considered under the National Flood Insurance Program.

This study will entail the assembly of a committee of experts representing a broad range of disciplines, including floodplain and stormwater management, insurance, law, State and local government, and others, to review the problem and prepare recommendations. The National Academy of Sciences would be a likely source for this study.

• Determination of Need for Wave Height Information along the Great Lakes Shoreline

FEMA has adopted a recommendation made by the National Academy of Sciences to include prediction of wave heights in flood insurance studies for coastal communities. However, the recommended methodology cannot be used for the Great Lakes region unless coefficients are revised. This special study is to determine the wave height information and to reflect the 100-year still-water

surge heights and wind speed applicable to the Great Lakes. This study is necessary to accurately define and identify flood hazards attributable to wave action on the Great Lakes for those communities which share the Great Lakes shoreline. A source for performing this study has not yet been identified.

• Storm Surge Frequency and Evaluations for Puerto Rico and the Virgin Islands

Storm surge frequency studies for Puerto Rico and the Virgin Islands were done by the National oceanic and Atmospheric Administration (NOAA) prior to 1971. One of the assumptions used was that hurricanes always bypassed Puerto Rico. Recent hurricanes (David and Allen) have indicated otherwise. In order to provide these islands with accurate flood elevations, a new storm surge analysis based on new data and a new model are essential. A source for performing this study has not yet been identified.

• Storm Surge Data Collection

The factor most often responsible for the appeal of a FEMA-determined coastal flood elevation is the insufficiency of historical data on storm surges. Unfortunately, storm surge data has never been collected systematically or programmatically. It is envisioned that a Federal interagency source will be used to perform this study. NOAA and the Corps of Engineers (COE) will join FEMA to collect the data needed to verify storm surges during the hurricane season along the Gulf and East Coasts.

• Analysis of methods for implementing the forthcoming GAO recommendations relative to Community Compliance with the NFIP

During FY 82, the General Accounting Office (GAO) has undertaken an audit of the National Flood Insurance Program. One important area under review is the success (or failure) communities have had in implementing and enforcing the program's floodplain management regulations. The study will analyze the feasibility of carrying out the anticipated GAO recommendations, as well as other methods to improve community compliance.

• Update of the Coastal Construction Manual

FEMA published "The Design and Construction Manual for Residential Buildings in Coastal High Hazard Areas" in January 1981. This publication represented the state-of-the-art for residential coastal construction. There is a need to update the publication to include improvements in methods of coastal construction and additional technical information which did not appear in the earlier publication.

• V-zone Criteria for Wave Run-up (North Atlantic, Pacific, Alaska- Pacific and Great Lakes

In the steep slope coastal areas such as the North Atlantic, the Pacific, the Alaska-Pacific and some parts of the Great Lakes, wave run-up action is a severe hazard and causes the most damage. A National Academy of Sciences panel report singled out wave run-up as a problem for the National Flood Insurance Program. V-zone criteria for certain areas cannot be determined properly without the study of wave run-up. A source has not yet been identified for performing this study.

• Tsunami Frequencies and Elevations for the Alaska-Pacific Coast

Tsunamis are the major source of flood hazards and produce the greatest flood damage along the Alaska-Pacific coast and in

Hawaii. FEMA has studied all of the West Coast and Hawaii except for the Alaska-Pacific coast. FEMA must study the communities along the Alaska-Pacific coast so they can be properly identified and true actuarial risks be shown in the for these communities. The COE has been tentatively identified as the source for performing this study.

FLOOD INSURANCE STUDIES

Question: In requesting $45,582,000 for Flood Insurance Studies during Fy 83, you indicate that funding will be used to conduct 35 restudies of high risk river bank communities.

Why are these restudies necessary?

Answer: Restudies of communities previously studied are necessary because a floodplain or watershed experiences natural or man-made changes. The original flood insurance study must be updated to reflect the impact these changes have on the hydrological and hydraulic characteristics of the flood sources in a community. Other factors which dictate a restudy are: (1) State-of-the-art improvements in flood hazard analysis and identification methodology; (2) expanding the detailed analysis and evaluation determinations into areas of the community which previously were undeveloped and studied by only approximate methods; and (3) correcting errors which may have been made in the original study.

Question: What did it originally cost to do these 35 studies?

Answer: The 35 communities which are to be restudied have yet to be identified. Therefore, the cost of their initial study cannot be shown. Past experience has proven that the average restudy is undertaken about six years after the original study was completed. The average original study of six years ago cost about $30,000 each. Using this value, the original cost of these 35 studies is estimated at $1.1 million.

Question: What do you estimate the costs will be to conduct these restudies?

Answer: The 35 restudies are estimated to cost $3.1 million, or an average of $88,000 each.

Question: In which communities will these restudies be conducted?

Answer: The 35 communities to be restudied will be determined by considering communities listed on each of the ten regional restudy priority plans. In selecting the 35 communities from these plans, consideration will be given to those communities which have sustained the greatest flood loss and have the highest number of insurance claims. The Regional restudy priority plans will not be formulated until after FY 1983 begins. Therefore, it is not possible to identify these communities by name now.

FLOODPLAIN MANAGEMENT REGULATIONS

Question: During FY 81, FEMA proposed a rule on the dry flood proofing of residential basements. However, this rule was withdrawn and alternative regulations dealing with this issue are being explored.

Why was it necessary to withdraw the regulation?

Answer: FEMA was concerned about establishing appropriate standards to minimize risk to property and to human safety. If flood waters exceed the level to which a basement is flood-proofed,

it could cause inundation of the basement. A flash flood could result in loss of life where a "floodproofed" basement is used for sleeping purposes.

Question: What alternative regulations are being pursued?

Answer: FEMA is presently considering across-the-board standards which would protect both the structure and human safety. This could replace the present requirement for a community to obtain an exception fromk FEMA in order to allow floodproofed basements below the level of the 100-year flood. This would cut red tape and streamline the administrative process.

FLOODPLAIN MANAGEMENT

Question: In FY 83 you intend to change floodplain management regulations and standards to reflect advances in the development of flood data and program policy alterations.

Why is it necessary to change these regulations and standards?

Answer: While we have found that, overall, floodplain management regulations represent practical and reasonable minimum standards for community floodplain management programs, some sections warrant re-examination based on:

- Experience in their application to specific situations
- Changes in the state-of-the-art of floodplain management, and
- Scientific or technical advancements.

Question: What are some of the changes you will propose?

Answer: Some of the changes being considered are:

Removing distinctions betwen manufactured housing (mobile homes) and conventional housing, except for anchoring requirements for manufactured housing.

Making anchoring requirements for manufactured housing consistent with the Department of Housing and Urban Development's Manufactured Housing Construction and Safety Standards.

Removing the requirement that participating communities review all Federal and State permits for proposed development in flood hazard areas.

Streamlining the community exception process for permitting residential floodproofed basements in flood hazard areas or eliminating the requirement that a community obtain an exception for permitting residential floodproofed basements in flood hazard areas and establishing minimum standards to minimize damage potential and threats to public safety.

Requiring communities to reasonably use any floodplain data available to the community before FEMA publishes final maps.

Providing a definition of "lowest floor" for floodplain management purposes.

Developing minimum floodplain management criteria for alluvial fan flood-prone areas.

FLOODPLAIN MANAGEMENT STUDY

Question: You indicate that during FY 83 FEMA will study its role with respect to Federal coordination of floodplain management activities to determine if those activities could be more effectively administered by another Federal agency.

What is the scope of this study?

Answer: This is not a formal study, but rather an ongoing effort to evaluate the feasibility of utilizing assistance from the U.S. Army Corps of Engineers in the management of several aspects of the National Flood Insurance Program. The two primary aspects being considered are management of the flood insurance risk studies and the administration of the floodplain management activities under the program.

Question: Who will be conducting this study and when do you estimate this might be completed?

Answer: This is a coordination effort within FEMA among all the offices under the leadership of the State and Local Programs and Support Directorate (SLPS). SLPS coordinates with the Office of the Chief of Engineers, U.S. Army Corps of Engineers. It is an ongoing effort, in the early stages of development, and no target date for completion has been established.

Question: Which agencies are being looked at for coordinating floodplain management?

Answer: At the present time only the U.S. Army Corps of Engineers is being considered for this role.

FLOODPRONE PROPERTIES

Question: On page 83 of the State and Local Assistance section of your budget, you discuss the proposed acquisitions of floodplain properties.

Please provide for the record information on each property to be acquired; the amount of accompanying land being acquired; the number and amount of claims paid under the flood insurance fund; and the estimated savings in future flood insurance subsidies and disaster relief costs.

Answer: Detailed property descriptions containing land areas are not yet available for all properties to be acquired. Most of the properties, however, are on lots which range from 5000-7500 square feet in size. These are normal small to mid-size residential property sizes. For the 36 properties under consideration, 87 separate claims have been filed, approximately 80 of these being filed since 1978. Through these claims the flood insurance fund has paid, for structure damage alone, $1,531,400. Claims paid for damage to contents, up to a maximum of $10,000 per claim, would be in addition to this.

All the houses planned for purchase are located within approximately the 15-year floodplain. Some are within the 2-5-year floodplain. At these locations, these properties can be expected to receive annual damages averaging 5-10 percent of value. At this rate, the projects will pay for themselves, in terms of damages avoided, in ten to twenty years, well within the expected life of the structures.

Other savings include income tax deductions for property loss, disaster relief costs for temporary housing, individual and family grants. These savings will occur because the future damages to properties purchased will not reoccur.

FLOODPLAIN MANAGEMENT

Question: You are requesting $7,620,000 for floodplain management salaries and expenses. This is $740,000 more than your current FY 82 estimate.

What will be the total full-time positions in FY 83 for this program?

Answer: 215 permanent positions.

Question: How will this compare to your current FY 82 level?

Answer: The current staffing level is the same. The increase consists of $61,000 in salaries and benefits, $114,000 in travel, and $565,000 for printing.

Question: You indicate that staff will be capable of providing only limited technical assistance to communities and that few communities will be monitored for compliance with floodplain management ordinances. Will local and State officials be expected to perform some of these responsibilities?

Answer: Yes, we expect that local and State officials can assist in performing these responsibilities. The State and Local Programs and Support Directorate has initiated a task force consisting of FEMA and State representatives to assess the functions performed in natural hazards with an objective of determining which functions can best be done at the State and local level. Some States have already developed community assistance and program evaluation exercises that incorporate the minimum standards for the National Flood Insurance Program compliance. FEMA will work with other States to develop that capability.

Questions: How many communities in FY 81 did not comply with floodplain management ordinances?

Answer: 120 communities did not comply in FY 81. Compliance falls into two categories - failure to adopt and failure to enforce ordinances. The majority of communities not complying failed to adopt ordinances.

Question: What is your projection for FY 82?

Answer: 150 communities are estimated not to comply in FY 82.

Question: Due to changes in the staff, do you estimate there will be an increase in non-compliance in FY 83?

Answer: Assuming no changes in staff, there should not be a significant increase in non-compliance during FY 83.

RIOT REINSURANCE

Question: On Page 3 of the National Insurance Development Fund section of your budget, you indicate that very few companies will purchase Riot Reinsurance in 1982 because it is more economical to purchase this insurance in the private market.

Please provide for the record the differences in rates charged by the private market and the FIA for Riot Reinsurance in FY 81 and FY 82.

Answer: While Federal rates in the 1980-81 contract were probably lower than the private market, the Federal program was not instituted to compete with the private market. The program was created in an atmosphere of unavailability. Now that reinsurance is available privately, the government should avoid competition, and permit the program to expire.

Recently, FIA sent a survey letter to chief executive officers of insurance companies purchasing or who had purchased Riot Reinsurance to determine industry attitudes to the program and gain some insight into private market conditions. Of the 52 respondents, 73% found the rates available in the private sector comparable or cheaper than those charged by the Federal Insurance Administration.

Disparities in the method by which coverage is obtained in the Federal program as contrasted to the private market make it impossible to compare rates. However, it is clear that adequate reinsurance is readily available in the private market at reasonable rates. This availability in the private sector explains the departure from the Federal program this year of more than two-thirds of the companies previously participating. This withdrawal has resulted in a reduction in coverage in force in the Federal program of 88% from the last contract year, even though the number of participating states increased.

Question: In FY 83, FEMA will begin the phase-out of the Riot Reinsurance Program at which time insurance premiums must be adjusted. How will the premiums be adjusted?

Answer: When riot reinsurance premiums are initially paid, they are based on the companies' estimated premium receipts. After the close of the contract year, reinsurance premiums are recomputed based on actual experience during the year.

Question: All Riot Reinsurance policies expire on September 30, 1982. However, claims can be filed after this time. Has a date been set when all claims must be filed?

Answer: No date has been established for the Riot Reinsurance Program when all claims must be filed. No limitation is included in either the statute or the contract.

Question: You indicate that in FY 84 you will request an appropriation to eliminate all debts incurred by the NIDF as a result of terminating the Riot Reinsurance Program. What do you estimate the request will be?

Answer: FIA would request an appropriation to repay all debts incurred by the NIDF whether those debts were incurred by the Riot Reinsurance Program or the Federal Crime Insurance Program. FEMA estimates that an appropriation of $90-$100 million would be required to restore the original borrowing authority of the Fund.

CRIME INSURANCE

Question: Your March budget justification estimated that there would be 98,000 crime insurance policies issued in FY 82. The current estimate is for 75,500 policies. You indicate that this decrease is a result of limiting coverage for such items as jewelry, silver and fur.

When was a limit placed on the coverage available for these items?

Answer: The limit was placed on "luxury" item coverage in July, 1980.

Question: How does this new coverage compare with the coverage that had been in force?

Answer: "Luxury" item coverage is now limited to $500 per occurrence. Previously, coverage was available to the full policy limit, $10,000 for residential.

Question: Beginning in FY 83, the Administration is recommending that the Federal Crime Insurance Program be phased out. I understand, however, that the Program will require some subsidy and staff through 1984 in order to effectively close out claims and close down operations.

How much of a subsidy will you require in FY 83 and FY 84?

Answer: In FY 1983, the subsidy in the crime insurance program will be approximately $25 million, if the program is terminated. In FY 1984, there will be no subsidy required; outlays are estimated to be $6 million.

Question: What will your staffing levels be during this time?

Answer: In FY 1983 a staff of three will be needed to close down operations, including the review of claims. One person should be required in FY 1984 to review disputed claims and make recommendations to the Administrator.

RIOT REINSURANCE CLAIMS

Question: How many Riot Reinsurance claims are pending for the 1980-81 contract year?

Answer: There were two claims pending during the 1980-1981 contract year.

Question: How many of these claims were also pending during the 1979-1980 contract year?

Answer: Both of these claims were pending during the 1979-1980 contract year.

Question: Can you explain the nature of these claims and why they have not been settled?

Answer: During contract year 1977-1978 there was a dormitory incident at a college in Indiana. A $1.5 million claim was filed in February, 1980 against the riot reinsurance program. FIA's claims examiners are reviewing the file and are awaiting further documentation from the company.

A second claim results from a prison disturbance in New Mexico, during the 1979-1980 contract year. FIA paid $4.8 million during FY 1982. An additional $3.7 million in claims for the same incident is pending at this time.

Reinsurance claims involve a greater degree of review than direct insurance claims. These claims often involve a greater number of parties -- the Federal government, the State, possibly several insurance companies and the insurer's claimant. Extensive documentation is required prior to the settlement of these claims.

Question: When do you expect to settle these claims?

Answer: The budget justification estimates assume that both of these claims will be settled by the end of FY 1982.

Question: In your March budget justification for FY 82, you estimated that the Riot Reinsurance Program would sustain a loss of $416,000. Your current FY 82 estimate indicates the loss will be $12,300,000.

What is the explanation for the increased losses to the Program in FY 82?

Answer: The following table shows a comparison between the March estimates for 1982 and the current estimates:

Riot Reinsurance Program	March Estimate	Current Estimate
Reinsurance Premiums Earned...	$783	$800
Investment Income.....	...	...
Reinsurance Claims.....	-669	-10,000
Studies and Surveys	-100	...
Administrative Expenses.....	-130	-135
Interest Expense.....	-300	-2,965
Net Loss.....	-416	-12,300

The two major changes in the estimates are the claims mentioned above which should be paid during FY 1982 and an increase in interest expense based on increased borrowings.

Question: In FY 83, you estimated the losses to the Program will be $6,222,000.

How did you arrive at this estimate?

Answer: The loss of $6,222 thousand assumes no income, administrative expenses of $112 thousand, an interest expense of $6,110 thousand, and no new contracts after September 30, 1982.

MACHINE TOOL TRIGGER ORDER PROGRAM

Question: You are requesting $31,187,000 for Federal Preparedness staff's salaries and expenses. This is an increase of $11,164,000 over your current FY 82 level. One of the activities that the staff will undertake in FY 83 will be to provide guidance for the Machine Tool Trigger Order program. What is the "Machine Tool Trigger Order" program?

Answer: The Machine Tool Trigger Order program is a program under which standby contract agreements are prepositioned with machine tool industry members to be executed immediately in response to a defense mobilization or other national emergency need. The purpose is to establish government/industry cooperation to cut mobilization lead times by speeding delivery of machine tools to defense production.

Question: Are other agencies involved with this program?

Answer: Yes. Three other agencies are involved with the Machine Tool Trigger Order program. The Department of Defense develops requirements and specifies tools to be ordered. The Department of Commerce maintains liaison between government and industry and selects potential contractors. The General Services Administration handles contract administration.

Question: How much staff time was expended on this program in FY 81?

Answer: Approximately one-half staff year was devoted to the program.

Question: What are your estimates for FY 82 and FY 83?

Answer: It is expected to require one-half staff-year in FY 82 and one staff year in FY 83.

INDUSTRY EVALUATION BOARD

Question: The Resources Preparedness staff also provides guidance for the Industry Evaluation Board. What is the purpose of this Board?

Answer: The purpose of the Industry Evaluation Board is to evaluate the capability of plants to produce specific products that are critical to defense and essential civilian applications. The Board also assigns ratings to individual plants indicating the plants' criticality in an emergency period.

Question: How long has this Board been in existence?

Answer: The Industry Evaluation Board was established pursuant to National Security Council Directive 99, dated January 6, 1951.

Question: What industries and agencies participate on the Board?

Answer: The Industry Evaluation Board membership consists of the Department of Commerce (Chairman), Departments of Energy, Defense, the Interior, Agriculture, Health and Human Services, and Labor, plus FEMA in an advisory role. Industries participate from time to time through surveys to identify and rate (1) all producers of items critical to mobilization, and (2) all non-industrial facilities (such as transportation modes) of critical importance to mobilization.

RADIOLOGICAL DEFENSE

Question: In FY 83, you intend to have an additional six positions at Headquarters and an additional ten positions in the Regions for radiological defense activities.

What are your current FY 82 staffing levels at Headquarters and in the regions for radiological defense?

Answer: FY 82 staffing levels at Headquarters include 12 full-time professional staff members and two part-time "stay in school" employees. The revitalized civil defense program requires supplemental engineers and scientists to handle the technical problems associated in the mass production of radiological instruments and shelter life support systems. The additional staff will support the following:

- Production of low cost instrument sets
- Increased radiological instrument maintenance and calibration activities
- Increased State RDO activities in State and local preparedness capabilities
- Update, simplify and improve radiological defense guidance
- Maximize "dual use" of radiological resources for peacetime incidents

FY 82 staffing provides for 12 Regional positions. The services of these health physicists, highly trained and skilled radiological specialists, could not be obtained in a crisis period. This staff is required to assist the States and localities in the development, implementation and maintenance of radiological preparedness capabilities to support the nuclear civil protection program, radiological emergency preparedness, and improve "dual use" benefits under a revitalized civil defense program. The supplemental Regional staff will be very critical in providing assistance to States in identifying program requirements and development of deployment strategies for radiological instrumentation and other shelter life support systems. They will also provide advice, guidance and essential radiological assessment that would be needed in the event of attack.

Question: In which regions will these additional staff be hired?

Answer: In FY 83, one additional health physicist position will be allocated for hiring in each of the ten FEMA regions. The other two positions will be allocated based on professional or clerical workload requirements, as justified by Regions.

RADIOLOGICAL EMERGENCY PREPAREDNESS

Question: You are requesting a supplemental in FY 82 of $1,000,000 for radiological emergency preparedness salaries and expenses. These funds will be used to increase the number of positions for this program by 30 in order that you can meet your commitments to the NRC as part of the power plant licensing process.

How many permanent full-time positions are currently assigned to this program?

Answer: Currently, FEMA has 37 permanent full-time positions assigned to the Radiological Emergency Preparedness (REP) Program.

Question: Why is it necessary to increase the number of staff at this time?

Answer: There is a requirement to conduct 49 radiological emergency preparedness exercises for existing commercial nuclear power plants and 7 exercises for near term operating licenses. In order to perform these required exercises, there is a staff shortage of 31 positions. In FY 83 and afterward, we should be required to conduct radiological emergency planning exercises around non-commercial nuclear facilities, such as the Department of Energency and Department of Defense installations.

Question: Please provide more details as to what your commitments are to the NRC as part of the power licensing process.

Answer: FEMA's commitments to the Nuclear Regulatory Commission as part of the power plant licensing process for off-site planning are as follows:

- FEMA is responsible for the development and promulgation of guidance to State and local governments, in cooperation with other Federal agencies, for the preparation of radiological emergency response plans and for assessing the adequacy of such plans through exercises.

- FEMA makes findings and determinations on the capabilities of State and local governments to implement their emergency response plans.

- When requested, FEMA provides expert witnesses to testify on the adequacy of specific State and local plans at the Atomic Safety and Licensing Board hearings.

STATE RADIOLOGICAL DEFENSE OFFICERS

Question: Radiological Defense Officers are required to develop the operational plans and procedures needed to integrate radiological defense support capabilities required in States and local Emergency Operation Plans. You are requesting $9,000,000 for RDO's in FY 83 or $7,480,000 over your current FY 82 estimate. In requesting this increase, you state these funds will be used to develop/update 52 Radiological Defense (RADEF) Support Systems. In addition, 500 local RADEF support systems will be developed. What is the cost per system in each State and locality?

Answer: The $9,000,000 requested for FY 1983 provides for an additional 202 State area RDO's to assist the 52 State RDO's funded in FY 1982. The FY 1983 funds provide for the salaries and expenses of these 254 personnel. The State and State area RDO's will first develop or update existing RADEF Support Systems at the State level. Once the State-level RADEF Support System has been developed, the State and State area RDO's will assist the local jurisdictions to develop or update their RADEF Support Systems so that they are current and in consonance with the State system.

The costs associated with the development of these RADEF Support Systems will vary depending upon the amount of time and assistance required of the State or State area RDO. Where there is a current RADEF plan with a well developed system and the local civil defense personnel exist, the State RDO's effort will be minimal. However, in a jurisdiction where the local civil defense staff is minimal and all volunteer and the RADEF plan and system are outdated, the State RDO may have to do most of the work himself and a considerable amount of time and effort may be required.

Question: What will be the cost associated with each of these additional systems?

Answer: There are no specific costs associated with development of the RADEF Support Systems and plans other than direct labor and travel costs for the State and State area RDO's. There will be some incidental and minor costs associated with the printing of a State and local jurisdiction plans but these will be borne by the State or jurisdiction.

Question: Where will these systems be located?

Answer: State and, where appropriate, State area RADEF Support Systems are required for each of the 50 States, D.C., Puerto Rico, Guam, American Samoa and the Trust Territory. Within each State, as a minimum, local RADEF Support Systems are needed for each county or independent city. Nationally, there is a total of approximately 3200 counties and independent cities. In addition, there are approximately 2400 sub-county jurisdictions that also have civil defense plans and also require a developed RADEF Support System. Thus, there are some 5600 places throughout the U.S. where the RADEF Support Systems are needed.

Question: During FY 83, RDO's will test 52 State and 300 local Radiological Defense Support Systems. What type of testing of the Support Systems will be conducted during FY 83?

Answer: Testing of the State and local RADEF Support Systems will consist of exercises and/or evaluations conducted to determine if the system is realistic and workable. It will consider such factors as: (1) other portions of the civil defense effort included in the plan (e.g., the shelter system used for in-place protection and for crisis relocation); (2) interface of RADEF with emergency services and direction and control; and (3) the compatibility of the RADEF Support Plan with other elements in the basic emergency operations plan of the community.

Tests may include exercises involving all or portions of the overall RADEF System and include table top exercises involving only selected personnel, or an exercise involving all levels of a particular activity (e.g., testing the self-support monitor's ability to take radiation measurements and evaluate their meaning with respect to continuing essential operations).

TRAINING AND EDUCATION

Question: The National Emergency Training Center (NETC) was established in June 1981 to provide for a more coordinated and cost effective use of the resources provided for the National Fire Academy and the Emergency Management Institute. The NETC provides a consolidated administrative support operation for the maintenance and operation of the Emmitsburg, Maryland Facility, for student support services and general administrative services for the entire Training and Education activity. This year you are requesting $4,327,000 for Training and Education salaries and expenses. How many full-time permanent positions are currently at the NETC?

Answer: There are sixty (60) full time permanent positions currently funded at the NETC from the Training and Education salaries and expenses appropriation. In addition, there are forty (40) full-time permanent positions associated with Civil Defense Training, which is addressed in the Civil Defense portion of the Salaries and Expenses budget.

Question: What are your estimates for FY83?

Answer: There will be no increase in full-time permanent positions at the NETC for fiscal year 1983.

Question: Please provide a breakdown of the number of positions at the NETC according to responsibility in FY82 and FY83?

Answer: Salaries and Expenses National Emergency Training Center	FY-1982	FY-1983
Office of the Associate Director	4	4
National Fire Academy	33	33
Curriculum and Planning Coordination and Evaluation	3	3
Administrative Support	20	20
Total	60	60

Question: In Fiscal Year 1983, you are requesting six additional positions for training and education. The staff will monitor contracts and perform in-house development of the Federal Emergency Management Agency's training and education projects related to the increased emphasis on civil defense preparedness. What is the current Fiscal Year 1982 staffing level for training and education?

Answer: The current Fiscal Year 1982 staffing level for civil defense training and education is 59 full time permanent positions which are broken out as follows:

	FY-1982 Current Estimate
Office of Associate Director	5
Emergency Management Institute	23
Curriculum & Planning Coordination and Evaluation	5
Administrative Support	4
Headquarters Support	3
Total Headquarters	40
Total Regions	19
Total, Civil Defense T&E	59

Question: Will the six additional positions in Fiscal Year 1983 be located in headquarters or in the regions?

Answer: They will be located in headquarters and will be assigned to the Emergency Management Institute.

COURSE DEVELOPMENT

Question: How many training and education projects were performed by in-house staff and how many were contracted to private firms in Fiscal Years 1980 and 1981?

Answer: In Fiscal Year 1980, four (4) contracts were let to private firms for civil defense course development. Five (5) products were partially developed in-house (50% of staff time). Four (4) additional development projects were developed by Interagency Agreement.

In Fiscal Year 1981, six (6) contracts were let to private firms for civil defense course development. None were developed in-house. Two (2) additional development projects were developed by Interagency Agreement.

Question: What is your projection for Fiscal Years 1982 and 1983?

Answer: In Fiscal Year 1982, five (5) contracts will be let to private firms for civil defense course development. An additional three (3) products will be developed in-house by using 50% staff time and 50% consultant time. One project is programmed to be developed by Interagency Agreement.

In Fiscal Year 1983, four (4) contracts will be let to private firms for civil defense development. An additional four products will be developed in-house by using 50% staff time and 50% consultant.

Question: During Fiscal Year 1981, training and education courses were developed and/or revised, instructional programs delivered and special seminars and conferences of national importance were coordinated. How many training and education courses were developed?

Answer: In Fiscal Year 1981, eight (8) civil defense development projects were completed. However, it should be noted most of these projects started in earlier fiscal years. Depending on course type and difficulty and whether any similar courses previously existed, course development can take from six to twenty-fours months.

Question: Why was it necessary to update some of the courses?

Answer: All courses are continually evaluated for currency of content. As new technology, equipment, policy, and procedures are introduced in the subject area of a course, an evaluation as to their importance to the course is made which determines whether the course is updated or not.

PUBLIC INFORMATION OFFICER

Question: In Fiscal Year 1983, you are requesting one position for a public information officer. Did you have this position of Fiscal Year 1981 or do you have plans to have this position in Fiscal Year 1982?

Answer: This is a new position related directly to the enhanced civil defense program, and it did not exist in fiscal years 1981 or 1982.

SEMINARS AND CONFERENCES

Question: Please list the purpose of the seminars and conferences, which the Federal Emergency Management Agency helped to coordinate in Fiscal Years 1980 and 1981.

Answer: Seminars and conferences are conducted at the National Emergency Training Center, in the Regions, and in the States.

At the national level their purposes are to plan the curriculum for training civil defense audiences; explore contemporary civil defense/emergency management issues and to make recommendations on how training and education help resolve the problems or fulfill the needs; provide program guidance to Regional and State training and education personnel; provide a forum for key people from all Federal Departments and Agencies to plan, organize, prepare to carry out their assigned roles in the event of a nuclear attack or other major disaster and to provide a vehicle for selected government officials to become familiar with their specific roles in such areas as continuity of government.

At the region and State levels the purposes of the seminars and conferences are to introduce new emergency management personnel to the requirements of their positions and inform State and local public officials of the civil defense/emergency management issues, programs, and requirements.

Question: What is your estimate of your involvement with these meetings in Fiscal Years 1982 and 1983?

Answer: The Federal Emergency Management Agency's involvement in the seminars and conferences in fiscal years 1982 and 1983 are projected to be about the same as in the past which is approximately 15% of the training events sponsored by the Agency.

ENHANCED STAFFING AND FUNDING

Question: You stated that if the civil defense activity increases, there will be a requirement to supplement the staff requested in FY83. Does this statement refer to your intent to increase staffing levels or to provide additional funds?

Answer: The enhanced civil defense activity in training and education will require both staffing level and funding increases.

Question: If additional staff is required, how many do you estimate will be needed?

Answer: An addition of six (6) new positions will be necessary in fiscal year 1984 and in fiscal year 1985.

AGENCY-WIDE MANAGEMENT SYSTEM

Question: Do you have a system in place that establishes goals and objectives, allocates the resources needed to achieve them and is capable of providing useful information to top management on program plans and accomplishments?

Answer: FEMA is developing a complete management system which, when completed, will provide for identification of goals and objectives, planned allocation of resources, and periodic reporting to management to assure that progress is being made in accordance with established plans. This system, which will be implemented shortly, will be used throughout FEMA for management of all programs for which the Agency is responsible.

Substantial effort has been completed in preparation for the implementation of the Agency's new management system. This includes development of a new program structure, definition of program content in terms of that structure, identification of goals and objectives, and basic design of the overall system. The initial effort will be followed by preparation of plans for resource allocation and by development of a progress reporting mechanism to assure that goals and objectives are being achieved and that resources are being wisely used.

GRANT PROGRAMS

Question: The Federal Emergency Management Agency (FEMA) does not have enough regional monitoring and audit staffs to adequately oversee current grant awards. Due to the large volume of disaster assistance grants, FEMA Regional Inspectors General have not audited civil defense grant programs in many states for the past few years. Does FEMA plan to expand its regional monitoring and audit staffs to oversee the additional FY 83 funds?

Answer: Requested funding for FY83 will will provide some additional program monitoring capability. In addition, FEMA has initiated, or will during FY 83, related actions to: simplify procedures to reduce paperwork for both the States and our Regional Offices; better define program goals, so that the state/local output of the funded programs is known and measurable; and provide more technical assistance to augment the funds supplied.

The audit staff will remain at its present level for FY83. Audits are conducted on a program priority basis, giving highest priority to those programs involving significant amounts of funds and having a high potential for fraud and waste. A high priority has been given to audits of disaster assistance grants because of the large amount of funds involved. The recently established auditor reservist program to assist in conducting audits of disaster

assistance grants should enable additional audit coverage of other areas, such as the civil defense programs. The Inspector General is also in the process of inventorying and prioritizing the audit workload and will realign the audit staff as necessary.

DATA FROM STATES

Question: How do you intend to collect data which will indicate whether State and local communities are directly participating and benefitting from the enhanced Civil Defense program being requested for FY 83?

Answer: There are three main instruments for collecting data:

1. Annual Program Papers for State and local government. These papers describe intended and actual accomplishments. They are submitted annually. When approved by the FEMA Regional Director, and the State Director, the political jurisdiction becomes eligible for a portion of Emergency Management Assistance funds.

2. Comprehensive Cooperative Agreement (CCA) between FEMA and the States. The CCA is a funding instrument on the one hand, and on the other a means of collecting information. Information on planned accomplishments is submitted, and if appropriate, funds are allocated. Information is provided on a quarterly basis on such things as staffing, expenses, and progress in the accomplishment of the goals. As an example, the Crisis Relocation Planning program, one of the features of the enhanced civil defense program, is included.

3. Program Status Report (PSR). The PSR is an annual end-of-the-fiscal year report on changes of status in attack-related emergency management program areas, such as civil protection, radiological defense, direction and control, and alerting and warning. Changes of status as plans are developed, or facilities are made operational, can be traced from year to year.

DISTRIBUTION OF FUNDS

Question: Approximately two-thirds of the appropriation request for FY 83 is earmarked for State and local governments and is to be distributed on an "as needed" basis through the use of comprehensive cooperative agreements.

How will this process promote the development of mutually supportive Federal, State and local plans for a national emergency?

Answer: The Comprehensive Cooperative Agreement (CCA) is a procedure intended primarily to reduce paperwork -- State and Federal -- by funding several programs through a single application process. Another purpose is to facilitate a comprehensive approach by each State towards its emergency management activities and goals by encouraging the use of the CCA to present its total program and not simply to clip together the work statements for each individual FEMA-funded program. More than the CCA, however, FEMA's annual Program Emphasis guidance promotes mutually compatible and supportive efforts at all three levels of government. This sets forth what FEMA's objectives are for the year in each program area and what is expected of the States in general. The States use this in developing their own

program emphasis, expressing it through the CCA narrative. State and Local Program papers apply the FEMA guidance to specific objectives at those levels. These are approved by FEMA Regional Offices to ensure consistency with national efforts.

Question: How will the effectiveness of State and local preparedness be measured?

Answer: Plans and capabilities applicable in peacetime disasters are put to the test when those emergencies occur; this provides some measure of capability even of attack preparedness. Effective exercises as a means of measuring effectiveness are more effective in one way: every jurisdiction, agency, or plan can be tested without the trauma of an actual emergency, and often with a fair amount of realism. Other measures are FEMA reviews of plans and procedures and actual FEMA "outreach" or technical-assistance efforts in support of States and localities. These require much staff time and travel, and consequently are never as frequent and intense as FEMA would like, but they will be emphasized as FEMA builds up its own preparedness support capabilities.

Question: How will decisions to fund programs be prioritized?

Answer: This prioritizing is already reflected in the outyear estimates for the enhanced civil defense program. Those programs marked for the most intensified efforts are those with the most immediate payoff in potential saving of lives in nuclear attack, crisis relocation, shelter identification, and emergency information.

Question: What criteria exist that States must follow?

Answer: Each funded program sets its own objectives, within overall priorities. Criteria for allocating funds within each program to the States also vary depending on the nature of the program and on the needs of the States in relation to those national priorities. For instance, funds to support Radiological Defense Officers were earmarked in FY 81 for "counterforce" States -- those judged most likely to be targeted -and then extended to all States, in FY 82.

Other programs for which FEMA, by law, determines staff allocations use detailed formulas and methods considering such factors as population, risk areas and host areas, level of preparedness achieved, and ability to use the funds productively. Initial allocations are adjusted to transfer funding from States not able to use it to those that can do so.

EMERGENCY INFORMATION AND COORDINATING CENTER

Question: You are requesting $1,200,000 for construction of the Emergency Information Coordinating Center.

Where will this Center be located?

Answer: Space has been set aside on the mezzanine floor in 500 C Street, S.W., Washington, D.C., where FEMA headquarters is located.

Question: When do you estimate construction will begin on the Center?

Answer: Barring unforeseen problems, construction should begin by December 1, 1982.

Question: When will the Center become operational?

Answer: Currently, we have an interim center operating with a bare-bones communications capability. We expect to be able to phase our systems in to the new facility as its various components are completed so as to be operational by the end of June 1983 when the project is scheduled for completion.

Question: How many full-time permanent positions will be at the Center?

Answer: The FY 83 budget includes eight new positions. In addition, the equivalent of ten positions to support the communications facilities in the EICC are needed from current staffing. Fourteen additional onboard program officers will be housed in the EICC.

OFFICE OF PUBLIC AFFAIRS

Question: During FY 81, your Office of Public Affairs developed and implemented three public awareness campaigns on winter survival, tornado awareness and hurricane awareness. Through what media were these public service campaigns released?

Answer: The public awareness campaign conducted during FY 81 were released through regional Federal Emergency Management Agency offices, state and local governments, trade associations and print and electronic news media. State and local emergency managers used the materials to coordinate campaigns at the local community level.

Question: Were these campaigns shown in all parts of the country?

Answer: All campaign kits had national distribution. However, the distribution was limited to those states affected by the natural disaster subject. For instance, only those states affected by winter storms were made part of the winter survival campaign.

Question: Do you have any data which indicates how many people these public awareness campaigns reached?

Answer: The Office of Public Affairs has a file of newspaper clippings from different states, cities, towns and territories which implemented these campaigns. Since FY 81 was the first year that the tornado awareness campaign was instituted, we do not have sufficient data available on the number of people that were reached. The tornado and hurricane awareness campaigns were done on a limited scale during FY 81. During FY 82 we have developed a reporting mechanism to identify how many communities we are reaching in these campaigns. We do have better data on the winter survival awareness campaign. During FY 81 we received requests that reflect some 3,000 communities participated in that campaign. In addition, the winter survival awareness campaign materials were distributed to 1,425 daily newspapers, 6,100 weekly newspapers, 6,700 radio stations and 800 television stations.

Question: What was the cost of these campaigns?

Answer: The total cost of these three campaigns was $151,450.

Question: Do you have plans to release similar campaigns in FY 82 and FY 83?

Answer: We do have plans to conduct similar campaigns in FY 82 and FY 83. During FY 81 our campaign materials were printed in bulk quantities for distribution to the states. In FY 82 and FY 83 we have redesigned our campaign materials primarily as resource kits to reduce the printing costs to the Federal Government. The resource kits provide the states with ideas on how to conduct awareness campaigns, camera-ready art, reprintable materials, and free or low cost samples of brochures from other agencies and the private sector. We have already designed and implemented a smoke detector campaign, a winter survival campaign, and a tornado campaign using this methodology. A hurricane awareness campaign will begin May 1, 1982.

PUBLIC AFFAIRS WORKSHOP

Question: A public affairs workshop for regional and state officials was also conducted during FY 81. What was the purpose of this workshop?

Answer: The public affairs workshop was held during the week of July 19-24, 1981, and brought together state and regional public affairs officers to pilot-test a hand-off course on public affairs training and education to be used in the field to train emergency public affairs officers and emergency managers who have to also handle their public affairs responsibilities. State and local emergency management officials are closest to the communities and their residents and are focal points for handling this responsibility of disseminating life-saving information and in educating the public on how to prepare for, respond to, and recover from any disaster-related situation.

The course was designed because often at the state and local level there are not funds to support public affairs specialists to handle these responsibilities. Or, if there are funds, usually they are minimal and cannot support a highly-experienced public affairs officer's salary demands. The solution to that problem is training--basic public affairs training that can be offered to these individuals who are responsible.

The workshop resulted in an evaluation and critique session which helped upgrade the course. The course, which included the instructor's guide and the student manual, has now been distributed to the 50 states for implementation.

Question: How many people attended the workshop?

Answer: There were a total of 31 people in attendance which included headquarters and regional public affairs officers and representatives from 12 state and local emergency management offices.

Question: Where was the workshop held?

Answer: The workshop was held during the week of July 19-24, 1981, at the National Emergency Training Center, Emmitsburg, Maryland.

Question: What was the cost of the workshop?

Answer: The total cost of the workshop was $11,993.91. Of this amount, $3,293.91 represents travel costs for the regional and headquarters staff of the Federal Emergency Management Agency to attend. The twelve state participants traveled on their own funds, at no cost to the government. The remaining $8,700.00 represents printing costs for the final course materials which was paid by the Office of Training and Education. The development of course materials was managed by the staff of the Office of Public Affairs, with assistance from the staff of the National Emergency Training Center.

Question: Do you have plans for similar workshops in FY 82 and FY 83?

Answer: Yes. We have already held two workshops during FY 82. On March 3, 1982, a workshop was held in Washington, D.C., for trade associations, business and industry, and state and local officials on the implementation of smoke detector campaigns. Approximately 100 persons attended this session with 12 states represented.

During the week of March 22-26, 1982, a workshop was held in Chattanooga, Tennessee, to train regional and state public affairs officials on nuclear power and radiation to make them better able to handle responsibilities should a nuclear power incident such as Three Mile Island occur again. Approximately 80 persons attended this session with 36 states represented.

U. S. AGREEMENT WITH MEXICO

Question: During FY 81, the Office of International Affairs worked on the implementation of the January 1980 U.S./Mexican Agreement on cooperation in cases of Natural Disasters. Please provide for the record some additional information on the two countries' responsibilities under the terms of this agreement.

Answer: Under the terms of the 1980 U.S./Mexican Agreement on cooperation in cases of Natural Disasters, <u>each nation is mutually responsibile</u> for jointly developing specific programs and plans for the mitigation of hurricanes, floods, fires, earthquakes, tornadoes or other catastrophes of that nature in order to protect the life, property, health and safety of the inhabitants of the affected <u>common border</u> areas. This mutual responsibility includes joint pre-disaster planning, post-disaster assistance in the common border areas, and the exchange of information concerning probable effects in areas having a high potential for disasters.

In summary each party to the Agreement has a mutual and shared responsibility concerning the potential threat of natural disasters in common border areas.

Question: What is the status of implementing our portion of the Agreement?

Answer: In implementing our portion of the Agreement, the United States has provided Mexico with technical data and information concerning geological and hydro-meteorological phenomena and has provided technical experts to participate in several symposia sponsored by Mexico that were held to discuss natural disaster response and mitigation.

Question: What is the status of Mexico implementing its portion?

Answer: In implementing their portion of the Agreement, the Mexican authorities have experienced some delays in formulating their national organizational arrangements for compliance with the full terms of the accord. However, this has not prevented Mexico from participating in the exchange of selected technical information with the United States in such areas as geological and hydro-meteorological phenomena. Further, Mexico has hosted two symposia dealing with specific areas of natural disasters preparedness planning.

OFFICE OF THE ASSOCIATE DIRECTOR, RMA

Question: During FY 81, the Office of the Associate Director helped develop financial manuals for the Agency. What type of information is contained in these manuals?

Answer: To date seven directives (manuals) have been developed by the Office of the Associate Director for Resource Management and Administration. The title and purpose of these manuals are as follows:

- Accounting Principles and Standards. This manual establishes the polices, principles, and standards governing the development or revision and continuing maintenance of FEMA's accounting system and related financial contracts. We are in the process of obtaining approval from the General Accounting Office for the Agency's Accounting Principles and Standards.
- Financial Guide for State Cooperative Agreements. This manual is a reference source for financial questions asked in the administration of the State Cooperative Agreement. It identifies the financial management policies and procedures required of the states to assure that funds are properly safeguarded and used only for purposes for which they were awarded.
- Letter of Credit Manual. This manual establishes policies and procedures to be followed by FEMA grantees who are authorized to draw funds, when needed, from the Treasury.
- Claims Collection Manual. This manual establishes policies and procedures to implement the Federal Claims Collection Act. The manual provides methods and standards to ensure the timely collection of monies owed FEMA.
- Travel Guide. This manual establishes internal FEMA policies and procedures to be observed in connection with official travel performed by FEMA employees.

- Voucher Processing Guide. This manual provides guidance to Agency voucher examiners on the examination and certification of vouchers for payment. The manual ensures uniformity and consistency of the propriety of payments prior to their being made.
- Imprest Fund Guide. This guide establishes uniform policies and procedures governing the use of the FEMA's imprest funds for the purchase of supplies or services, advancing travel funds, and obtaining reimbursement for local travel.

Question: Were these manuals ever prepared prior to FY 81?

Answer: No, they were not.

Question: Will it be necessary to update these manuals on an annual basis?

Answer: FEMA's financial management system is not a static system. It must be responsive to the changing needs and requirements that result from actions by the President, the Congress, the Office of Management and Budget, the General Accounting Office, the Treasury Department, and its grantees. To be responsive to changing needs the system will be reviewed at least annually and updated as necessary.

HOTLINE REFERRALS

Question: During FY 83, the Office of Inspector General (IG) will continue to review and take appropriate action to resolve all "Hotline" referrals. When was this "Hotline" first established?

Answer: The "Hotline" referrals in the FY 83 budget presentation are primarily GAO "Hotline" referrals. The FEMA IG is establishing a "Hotline" for FEMA employees this fiscal year. A less formalized system has been in effect for employees to report information pertaining to fraud and waste relating to FEMA programs and operations.

Question: How many cases of fraud were investigated as a result of referrals from the "Hotline" in FY 80 and FY 81?

Answer: As a result of "Hotline" referrals during Fy 80 and 81, the FEMA IG conducted ten (10) investigations of potential fraud. Three (3) were referred to the Department of Justice for prosecution; six (6) resulted in no violations; and, one (1) remains pending investigation. One of those referred for prosecution resulted in conviction and the Department of Justice declined prosecution in the remaining two (2) cases.

"FRAUD ALERT" Bulletins

Question: During FY 81, the Office of Inspector General (IG) began issuing "Fraud Alert" Bulletins to program managers in order to advise them of areas of fraud vulnerability. Do you plan to continue issuing these Bulletins in FY 82 and FY 83?

Answer: Yes. The IG plans to continue the program in FY 82 and FY 83, as well as in future years.

Question: Have you received any data which indicates whether these Bulletins have assisted program managers in discovering and reporting cases of fraud?

Answer: Yes. The Bulletins have been well received by the program managers and have provided them assistance in their continuing efforts to provide sound program management. The Bulleins inform program managers of potential weaknesses in procedures that could make a particular program area vulnerable to fraudulent practices. They provide a vehicle for dialogue between program managers and the IG in an effort to increase fraud awareness on the part of the program managers and to strengthen program procedures to reduce the vulnerability or potential for fraud. Six (6) such Bulletins have been issued thus far.

HUD BOARD OF CONTRACT APPEALS

Question: Your March Budget Request for the Office of General Counsel was $853,000. Your current Fy 82 estimate is for $921,000. On Page 45 of the salaries and expenses section of your budget, you indicate that this increase is in part a result of the HUD Board of Appeals contract. What is the purpose of this contract with HUD?

Answer: Under this agreement, HUD provides its Board of Contract Appeals, on a cost per case-hour basis, to assist the Federal Emergency Management Agency (FEMA) in adjudicating Administrative appeals and disputes under agency contracts. FEMA's activities in this area are not extensive enough to warrant the establishment of an agency Board.

Question: What was the amount of this contract in FY 80 and FY 81?

Answer: There was no cost for this effort in FY 80 and $6,800.00 in cost for FY 1981.

Question: Will you continue this contract in FY 83?

Answer: The contract has proven effective and will be continued in FY 1983.

Question: If so, what is your estimate of the costs?

Answer: A cost estimate, based for forecasted levels of activity, is set at $16,000 for FY 1983.

SES BONUSES

Question: How much have you included in your budget for SES bonuses during FY 83?

Answer: $130,000 is included in the Budget for SES bonuses in FY 83.

MERIT PAY INCREASES

Question: How much money have you included in your FY 83 budget request in order to provide employees with Merit Pay as specified in the Civil Service Reform Act?

Answer: $265,000 is provided in the FY 83 budget request for Merit Pay.

GENERAL

Question: In the Salaries and Expenses section of your budget, you included the funding requirements for each of your programs. However, you did not provide a breakout of the staffing levels for these programs. Your future budget submissions should have this staff breakout.

Answer: The Federal Emergency Management Agency will have these breakouts in the future.

EMERGENCY MANAGEMENT ASSISTANCE

Question: You are requesting $49,955,000 for Emergency Management Assistance (EMA). This is an increase of $6,015,000 over your current FY 82 level. I understand that in FY 83 you intend to increase full-time staff at the local level as well as increase the number of jurisdictions participating at this program.

How many full-time staff were employed by local emergency agencies in FY 81?

Answer: There were 2,368 full-time local personnel employed in FY 1981.

Question: What was the average staffing levels at these agencies during this same time?

Answer: The average staffing level in local agencies in FY 1981 was 1.82 persons.

Question: How many jurisdictions will be added to this program in FY 83?

Answer: The State, not FEMA, determines how many and which jurisdictions will be added to this program in FY 1983. The increased funding requested for FY 1983 is primarily to improve existing capability, not simply to add jurisdictions and staffing.

Question: In FY 82, you intend to tighten the criteria for State and local distribution of EMA funding.

What type of changes do you intend to propose for the program? How will these changes tighten the criteria used for distribution of funds?

Answer: Revised guidance about to be issued prescribes that State Administrative Plans (required for participation in the EMA program) must contain a statement of the State's policy and procedures for dividing funds equitably between State and local requirements and for suballocating Federal funds equitably among its participating local jurisdictions (subgrantees); that plan must be approved by the FEMA Regional Director.

FEMA has established that the suballocation to local governments should be approximately two-thirds of the EMA allocations. If less, justification based on specific factors must be submitted by the State for approval by FEMA. The new guidance established the following criteria for that approval.

In order to obtain approval, the State's justification for retaining more than one-third of the EMA allocation must be based on at least one of the following factors:

1. The valid funding requests of all eligible local jurisdictions total less than two-thirds of the total State allocation.

2. The number and size of local jurisdictions participating in the EMA program are too small to collectively warrant two-thirds of the total State allocation.

3. A significant number of the participating local jurisdictions in the State do not have full-time coordinators, thus placing more of the overall management of the civil defense program on the State staff.

4. The State share includes substantial substate management costs, for State, Regional, or area offices.

5. State EMA-funded staff are carrying out or substantially supporting special locally oriented projects (e.g., radiological emergency planning for nuclear facility incidents, floodplain management activities) to the extent that their State requires proportionately more funding.

Question: In FY 82, you also intend to reduce the paperwork requirements of the program and revise the standards for State and local emergency management personnel.

How will the paperwork requirements be reduced?

Answer: By combining application forms, by consolidating reporting requirements, and by reducing the frequency of reports we have already realized a savings of 76 percent of the burden hours in FY 1982 for EMA. We are continuing the review of burden hours. In fact, we are holding an intergovernmental relations seminar at the National Emergency Training Center on May 11-13 to discuss the EMA program as part of FEMA's Comprehensive Cooperative Agreement with States. Some State officials will be present.

Question: What changes do you intend to make to the standards for emergency management personnel?

Answer: The purpose of the standards is to provide guidance to State and local governments for the development of programs designed to mitigate the effects of all potential hazards; natural, man-made, and war-caused. The current standards are based solely on the attack-preparedness program. The revised standards will also include preparedness for natural disasters such as floods, hurricanes, earthquakes, tornadoes, and other severe weather and man-made emergencies such as hazardous materials accidents, dam safety, and accidents at nuclear power plants. Specifically, with regard to personnel, we are reviewing the ratio of staff to population, basic skills required for employment, and training required. The standards are expected to be available by the end of FY 1982.

U.S. FIRE ADMINISTRATION

Question: At page 128 and continuing of the Budget Book under Emergency Planning and Assistance, you set forth FY 1982 estimates as of March for costs of carrying out Fire Prevention and Control Programs. No funds are requested for FY 1983. What are your current estimates for annual costs of these programs in FY 1982 assuming no decreases to offset agency-wide cost items such as AT&T tariffs?

Answer: Absent reduction for AT&T tariff increases, our best estimate for total FY 1982 costs for fire prevention and control programs is $9,142,000. Management costs of $2,808,000 for 62 full-time equivalent positions in Headquarters and regional offices bring total FY 1982 expenditures to about $12 million. The $9,142,000 program costs are broken down as follows: Arson Prevention and Control - $656,000; Structural Fire Safety - $3,473,000; Emergency Health and Safety - $1,364,000; and Fire and Rescue Service Management Improvement - $3,649,000. The program cost figure, however, includes $3,520,000 in money appropriated to FEMA but earmarked for research programs at the Center for Fire Research, Department of Commerce. For FY 1983, the President's budget calls for fire research appropriations to be made directly to the Center for Fire Research through Department of Commerce appropriations. As you correctly note, the President's Budget for FY 1983 requests no FEMA funding for these fire prevention and control programs.

Question: Has a decision been made as to whether the activities and programs currently funded by the U.S. Fire Administration will be continued through other programs within FEMA?

Answer: Yes, a decision has been made. The National Fire Academy will assume the role of the Federal focal point for fire prevention and control and will carry out many of the Federal fire prevention and control responsibilities under P.L. 93-498 through its current course offerings. All aspects of the USFA programs that relate to training and education will be transferred to the National Fire Academy. Where appropriate, information and research already produced by the USFA will be included in NFA course materials. However, no additional research, or grant assistance will be undertaken or continued. Some areas the Academy will emphasize in its instructional programs are: public fire education, community planning for establishment of cost effective fire protection and emergency management programs, and firefighter health and safety.

The National Fire Academy will also serve as a national reference resource on arson prevention and control, and through its instructional programs teach anti-arson techniques. This will all be done with no additional resources.

14-067 O - 83 - 30

FEMA is currently studying what aspects and techniques of USFA's National Fire Incident Reporting System would be relevant in designing an emergency management reporting system focusing on FEMA programs for FY 83. However, FEMA does not plan to fund or continue its role in NFIRS in FY 83.

The applied research presently being funded by FEMA/USFA will be discontinued; however, basic research on fire protection will continue at the National Bureau of Standards' Center for Fire Research and will be funded within Department of Commerce appropriations.

Question: What would be the minimum amount of funding that you would need in FY 83 to continue the programs of the USFA?

Answer: We have not developed a minimum funding level for FY 1983 in light of the President's budget proposal. We believe that several administrative and coordination functions now performed by USFA can be undertaken at the National Fire Academy within requested budget levels for NFA.

DISASTER RELIEF

Question: You are requesting $6,108,000 for the management and administration of the Disaster Relief program. What is the current FY 82 staff levels in the Disaster Relief Program?

Answer: 155 permanent positions.

Question: What are your estimates for FY 83?

Answer: 155 permanent positions.

Question: During FY 81, the ten-year-old Automated Disaster Management Information System was converted to the Data Base Management System. What is the difference between these two systems?

Answer: The Data Base Management System (DBMS) can eliminate repetitive entry of the same information into the computer and provides more flexibility for the users to obtain reports and query the computer for impromptu replies or responses. Different proprietary language and programs are used for the two systems. Basic language is being substituted for the proprietary language used with the present Disaster Management Information System (DMIS). The proposed conversion was started in June of 1981 and has not been completed. Currently the conversion to DBMS is being reviewed due to two significant factors: need for training of FEMA personnel in DBMS and lack of computer capacity to support DBMS adequately. Based on this review by program and computer specialists, completion of this conversion will be rescheduled.

Question: Why was it necessary to change management systems?

Answer: The change was necessary to improve efficiency of computer support for disaster assistance programs and to provide better capacity to support FEMA response to very large major disasters or numerous small ones. Some modernization of DMIS is always necessary to support program changes as they occur. Such changes are being included in our conversion to DBMS.

Question: During FY 81, the Public Assistance Automated System (PAAS) was also brought on-line, resulting in a reduction in Regional paperwork. Please explain how this system operates.

Answer: The automated system was developed from established manual procedures for administering the Public Assistance Program. This process utilizes two types of reports: Processing Reports and Management Reports. The Processing Reports represent the basic procedures for automating the public assistance application process. They physically store and update the status of public assistance applications.

The Management Reports summarize the documents in various formats which have been found useful by Regional program personnel to monitor and manage field operations. These reports do not store or change the documents, but merely report on the documents in the computer to suit the purpose at hand. These reports can be run at any time and in any sequence.

Question: How much were you able to reduce Regional paperwork requirements in FY 81 as a result of this new system?

Answer: The Public Assistance Automated System (PAAS) has reduced, and in some cases, eliminated steps requiring manual processing, including:

- Collating and keeping ledgers on Damage Survey Reports (DSRs);

- Preparing and typing summaries and engineering analysis;

- Hand calculating and typing transmittals;

- Providing for recall of information on past and current disasters;

- Maintaining project application files at the National Office. One complete set of these files was eliminated.

Through the Management Reports, the Regions and National Office have immediate access to information needed to process administrative correspondence such as Time Extensions, Appeals and Congressional inquiries. Further, the need for Regional Offices to send bulky disaster files to the National Office has been eliminated.

Question: What is your estimate of what will be accomplished for FY 82 and FY 83?

Answer: A Task Force has been designated to substantially revise and update automated procedures to satisfy regional and national program requirements to include incorporation into the system of a single line item Damage Survey Report/Project Application (DSR/PA) concept. When implemented, it is envisioned that the following benefits will be gained:

- Faster approval of Project Applications;

- Funding for applicants on DSRs/PAs will require less administrative time and effort;

- Fewer entries into the system and less user time.

CONTRACT WITH NIBS

Question: Last year, the Subcommittee instructed you in Senate Report 97-163 to contract with the National Institute of Building Sciences (NIBS) for studies on performance criteria for fire-safe housing and building design and a study to determine the adequacy of current civil defense shelter specifications.

What is the status of these agreements with NIBS?

Answer: In line with the Subcommittee's instruction, USFA met with NIBS representatives to discuss research NIBS might undertake on performance criteria for fire-safe housing and building design. Although exploratory, these discussions were worthwhile and considerable useful information was exchanged. However, inasmuch as no funds are requested for USFA programs in the next fiscal year, we have not initiated new long-term projects such as development of these performance criteria.

AUTOMATIC DATA PROCESSING

Question: On page 63 of the salaries and expenses section of your budget, you indicate that one of the objectives for Automatic Data Processing Support during FY 83 is the total conversion of FEMA's in-house financial system from "batch" to on-line. It is my understanding that on-line processing is normally more expensive than the "batch" processing.

Will FEMA's on-line processing be less expensive -- if not, what is the justification for switching to this system?

Answer: In general, the perception that on-line systems are more expensive than "batch" systems is correct due to the additional computer resources required. For that reason FEMA has converted to on-line only those portions which were clearly cost justified.

Specifically, all Financial Accounting and Reporting System (FARS) data entry is now on-line with on-line editing and on-line inquiry limited to data required for accurate input. Since the implementation of on-line data entry in July of 1981 we have seen the error rate drop from 30% down to the current less than 5% rate. We will shortly implement additional on-line edits that should bring us down to a 1/2% error rate.

Please note, however, that the main system (update portion) remains a "batch" system. We do not see the need to make the update on-line as it could not be cost justified. As the system is integrated further with Budget and Procurement systems the situation may change but it is not currently anticipated.

EMERGENCY INSTRUCTION TO THE PUBLIC

Question: During last year's hearings, Mr. McConnell, Acting Associate Director for Plans and Preparedness, indicated that it was the Agency's intention to print in approximately 200 phone books, civil defense instructions to the public on where to go and what to do in time of emergency.

How many phone books will actually have these instructions by the end of FY 82?

Answer: During FY 1981, as part of a Systems Development prototype project, emergency crisis relocation instructions were incorporated into six different telephone directories covering the population of four different risk areas: Plattsburg, NY, Aroostook County, ME, Austin, TX, and Marquette County, MI, adjacent to military bomber bases. Costs associated with the printing of these instructions in the six directories for the estimated 461,000 people living in these areas was $10,713 or approximately three cents per risk area resident, when one includes cost of preparing camera ready copy.

The FY 1982 budget request included a funding request for $200,000 to incorporate emergency instructions to the public in telephone directories. As a result of a Congressional directed reduction of $4 million to the Nuclear Attack Civil Preparedness program elements in the FY 1982 Appropriations, it was necessary for FEMA to curtail any new initiatives with respect to telephone directories.

Question: How many phone books will have these instructions in FY 1983?

Answer: Funds requested in FY 1983, based on the very limited sample of six prototype projects, will provide telephone directory coverage for about 42 million persons or some 29 percent of the risk area population where Crisis Relocation Plans would have been completed or where emergency instructions would have been finalized. There are some 5,000 telephone directories in the U.S. The exact number of telephone directories containing emergency instructions to be funded in FY 1983 would depend on the specific risk areas selected. However, it is estimated that instructions could be published in some 700 telephone directories in FY 1983, based on an average cost of $1,785 per directory for the six telephone directories published in FY 1981.

Question: In FY 1983, you intend to provide supplementary information in the form of TV tapes depicting crisis relocation and in-place protection instructions. What will be the cost of producing these tapes?

Answer: Funds amounting to about $17,600 per State have also been included in the FY 1983 request to provide the States with a capability for supplementing the telephone directory maps and instructions with TV tapes. These tapes, costing on the average about $2,200 each, will permit planners to utilize the TV media as well as the telephone directories and newspaper supplements in dispensing instructions to the public.

Question: How many communities do you estimate will request these tapes?

Answer: TV tapes which will inform the public where to go and what to do will ultimately be required for each risk area jurisdiction. There are currently some 1,085 jurisdictions that are at risk or part risk and part host.

Question: Do you have any data which indicates whether individuals are aware that this emergency information is available?

Answer: We would doubt that most of the general public are aware that emergency information is available or that plans are being prepared to evacuate risk areas. Emergency instructions for in-place shelter planning that were distributed to the public in the late 1960's were lost or misplaced within six months to one year after receipt. It is only during times of crisis that the public clamors for instructions and guidance on what do do. For this reason, the instructions in the form of newspaper supplements, radio text and TV tapes would be prepared and kept "on the shelf" for release during an emergency or crisis buildup period. Incorporating instructions in telephone directories during peacetime is advantageous in that most people who have telephones do not misplace the directories or throw them away. Thus, lifesaving instructions would be readily available in those household with phones if the public could be advised by radio or TV announcements to look in their telephone directory at a specified page.

MANAGEMENT

Question: On December 7, 1981, GAO issued an interim report which raised some serious questions concerning the Agency's ability to effectively manage its activities. Problems were noted in the areas of financial management and evaluation. Also, the report stated that an overall management system was missing but that FEMA had initiated efforts to develop such a system. Is your accounting system currently providing management with accurate and timely information?

Answer: Shortly after his arrival in March of 1981, the Director noted that the existing financial management system of the Agency could not produce financial data which was relevant, reliable, understandable, timely, and complete. The Budget and Accounting Procedures Act places the responsibility for establishing and maintaining an adequate system of accounting and internal control with the head of the Agency. In view of the condition of the Agency's financial system, the Director deemed it appropriate to ask that the General Accounting Office initiate a "base-line" audit of the Agency as a first step in establishing a firm foundation for a sound financial management system for FEMA.

At the beginning of Fiscal Year 1980, FEMA's Office of Finance and Administration assumed responsibility for the Agency's financial management. For accounting and reporting purposes, the Agency contracted with a systems firm for installation of an appropriate accounting system.

The system to be installed had been developed under a government contract for the National Credit Union Association. The Treasury Department's Federal Accounting and Report System (FARS) was to be modified, installed, and implemented for FEMA.

As of December, 1980, a data recording backlog of approximately six months existed with a report lag of three months. Due to incomplete information in the accounting system and a 30 percent error rate, the financial reports were of little value.

A Systems Branch was established within the Accounting Division to improve the accounting system and attempt to get it current as soon as possible. By June, 1981, the backlog had decreased to three months but there was still a 30 percent error rate.

From July to October, 1981, through the use of new computer equipment for data entry, the error rate dropped to 20 percent.

By the middle of February, 1982, with continued use of the new computerized data entry system, the error rate decreased to 10 percent; there was a one month backlog of data entry.

On February 23, 1982, the FARS system was brought in-house. Until this time, FEMA was relying totally on the Contractor for preparation of accounting reports. With internal control over the entire accounting process, the error rate decreased to five percent. Since bringing FARS in-house, the month of January was closed out on March 18, 1982; February was closed March 26, 1982, and the month of March is expected to be closed by April 16, 1982. The January closing was unique in that there was no backlog of errors to be corrected. Prior closings were made with fund availability errors. With the system enhancements and improved methods of processing, future monthly closings should be completed without error.

Thus, Financial control over budgeted funds can now be maintained through financial reports being furnished to all levels of management. We will begin this process in April of 1982 for data reflecting our financial activity through the close of business March 31, 1982.

Question: Will your financial management section be capable of providing budget execution data to Civil Defense program managers in a timely and accurate manner?

Answer: Yes. By coupling the progress we have made to date with system modifications and improvements we will be implementing shortly, timely and accurate data will be available to all FEMA managers who have a need for such data.

SHELTER MARKING

Question: In 1977, GAO reported many building owners refused to sign licenses authorizing public entry during an emergency. In addition, the report noted that many of the shelters identified were not marked.

Have you corrected these problems?

Answer: No. In those cases where the building owner refused to sign a license follow-up efforts by the locality were not required. Even where buildings were licensed and not mark, there has been no national follow-up since the program was discontinued in 1973.

In the current program buildings are surveyed with the consent of the building owner or authorized representative. To reinstitute Shelter Marking in FY 1983 we will again look to local authorities to obtain a license. If the owner refuses, and past experiences indicate this was the exception, the building will not be marked.

MAINTENANCE AND SERVICES

Question: The Maintenance and Services Program provides Federal funds to be matched with State and local funds for recurring, maintenance and replacement costs of existing emergency communications and warning systems and emergency operating centers.

In FY 83, funds will be allocated on the basis of expressed needs of the States and localities, rather than on a population-based formula.

Why did you decide to change the allocation formula?

Answer: Historically, Maintenance and Services funds have been authorized under Section 201(i) of the Civil Defense Act; however, in FY 1981 they were authorized under Section 205 along with EMA funds. By being under Section 205, allocations to the State were governed by the formula used for allocating Emergency Management Assistance (EMA) funds, and together with EMA the total amount was limited by the authorization ceiling. The formula is substantially governed by population and risk factors. Maintenance and Services demands are essentially driven by other factors, such as tariff rates, existing communications and warning systems for which we assist in maintenance and recurring charges, and existing Emergency Operating Centers requiring maintenance and repair. Accordingly, the distribution of funds is directly related to demand rather than those featured in the formula. Therefore, we are supporting the authorization under Section 201(i).

COMPREHENSIVE EMERGENCY PREPAREDNESS PLANNING

Question: You are requesting $1,554,000 for Comprehensive Emergency Preparedness Planning for salaries and expenses. In FY-83 you intend to continue earthquake vulnerability analysis and contingency planning activities in six areas and complete hurricane contingency plans in four areas. In which areas are you assisting local officials with earthquake preparedness planning?

Answer: We are providing earthquake preparedness planning assistance in the following areas: Southern California (SCEPP); San Francisco; Central U.S., the New Madrid, Missouri fault; Alaska; Hawaii; Boston, Massachusetts; Puget Sound, Washington; Salt Lake City, Utah; San Diego, California; and Puerto Rico.

Question: Which areas are you focusing on hurricane preparedness?

Answer: Hurricane plans and analysis work is being done in the following areas: Beaumont/Port Arthur, Texas; Hawaii; New Jersey; Galveston/Houston, Texas; New Orleans, Louisiana; and southeast Florida.

Question: When do you estimate your work in these areas will be completed?

Answer: The table below shows the area and year we estimate that the work will be completed.

Area	Year
Southern California (SCEPP)	1986
San Francisco, California	1986
Central U.S. (New Madrid Missouri fault)	1985
Alaska	1984
Hawaii	1985
Boston, Massachusetts	1985
Puget Sound, Washington	1984
Salt Lake City, Utah	1984
San Diego, California	1986
Puerto Rico	1986
Beaumont/Port Arthur, Texas	1984
New Jersey	1984
Galveston/Houston, Texas	1983
New Orleans, Louisiana	1983
Florida (southeast)	1983

The plans, when completed, will include vulnerability analyses, preparedness planning, public awareness campaigns, and the results of exercises.

Question: In FY 83, you plan to transfer three positions from another account into Comprehensive Emergency Preparedness Planning. From which account are you proposing to transfer these positions?

Answer: From the research activity in the Emergency Planning and Assistance appropriation.

Question: How many permanent full-time positions will there be for this program in FY 83?

Answer: In FY 83, there will be 41 permanent full-time positions.

Question: How does this compare to your current FY 82 estimate?

Answer: The current FY 82 estimate is 38 permanent, full-time positions.

PUBLICATIONS

Question: On page 52 of the salaries and expenses section of your budget, it appears that you will have to make considerable cutbacks in your publications and that some materials published at the national level will be handled at the state and local levels. What publications that were distributed in FY 81 will not be distributed in FY 82?

Answer: The following publications distributed in FY 81 were discontinued in FY 82:

- o Emergency Management Magazine
- o For the Record
- o A New Impetus
- o War Survival Focus
- o Fact Sheet on Nuclear Protection
- o Research Report on Nuclear Potential
- o Materials for Nuclear Presentation
- o High Risk Map
- o Questions and Answers on Crisis Relocation Planning
- o Questions and Answers on Flood Insurance
- o Questions and Answers on Crime Insurance
- o Human Needs
- o Disaster Planning Guidelines for Fire Chiefs
- o FEMA Fact Sheet
- o National Emergency Assistance Planning Guides
- o Backgrounder: Mt. St. Helens
- o Backgrounder: Earthquakes
- o Backgrounder: Insurance Program
- o What To Do When the Well Runs Dry
- o Public Law 96-342
- o Coastal Environmental Management
- o Research Report: Nuclear Recovery
- o Assessment of Catastrophic California Earthquake
- o President Report on Three Mile Island
- o Fully Involved (Newsletter)

The cancellation of these publications amounts to a savings of $120,000 to the Federal Government.

Question: What will be the impact of not distributing these publications?

Answer: Past experience reflects that emergency management publications and various trade association publications will continue to publish articles on programs and services of the Federal Emergency Management Agency.

Question: Are you pursuing other means of providing this information?

Answer: Yes. We have upgraded our national newsletter to state and local officials and the public to include in-depth articles on the Federal Emergency Management Agency programs and services. We also plan to institute a monthly article program for inclusion in state and local publications. This way state and local life safety officials can learn about the Federal Emergency Management Agency programs and services from their own publications.

Question: What assurances do you have from the state and local officials that they will be able to publish and distribute the materials that were handled at the national level?

Answer: We have no assurances from state and local officials that they will be able to publish and distribute the materials that were handled at the national level. However, past experience reflects that emergency management publications and various trade association publications will continue to publish articles on programs and services of the Federal Emergency Management Agency.

CALIFORNIA EARTHQUAKE

Question: In FY 83 the Resources Preparedness staff intends to complete the initial phase of a joint FEMA/DOD project to determine the national security implications of a major California earthquake. When was this project started?

Answer: The joint FEMA/DOD California earthquake project was started in July 1980.

Question: What has FEMA spent on this project--what has DOD's share been to date?

Answer: FEMA to date March 31, 1983, has spent on the California earthquake project: $27,635 for contract services: $3,000 for travel, and an estimated one-half man-year of Grade GM-15 professional effort. DOD has spent $2,000 for travel costs and an estimated one-fourth man-year on the project. In addition, FEMA is spending $1,058,000 in FY 1982 and $3,120,000 in FY 1983 on planning and preparedness for the California earthquake.

Question: What have been the preliminary findings of this project?

Answer: The preliminary findings of this project include (1) identification of key establishments and facilities at risk which are vital to the national defense; and (2) development of a methodological system to permit the direct, indirect, and induced effects of major California earthquakes to be estimated for the economies of the state, the region, and the Nation.

Question: When do you estimate this project will be completed?

Answer: The estimated completion date of Phase I of the project is the end of FY 83.

DISASTER UNEMPLOYMENT ASSISTANCE

Question: The U.S. Department of Labor, through a State's Employment Security Agency, administers job placement and disaster unemployment assistance programs for individuals unemployed as a result of a major disaster or emergency.

How many unemployment claims were filed as a result of a major disaster or emergency in FY 80 and FY 81?

Answer: There were 16,273 unemployment claims filed in FY 80 and 980 in FY 81.

Question: What was the total amount of unemployment compensation paid during these fiscal years?

Answer: Unemployment compensation amounted to $3,880,298 in FY 80 and $465,278 in FY 81.

CRIME INSURANCE INVESTIGATIONS

Question: The staff of the Federal Insurance Administration (FIA) is working with FEMA's Office of Inspector General (OIG) to investigate cases of possible fraud involving adjusters, agents, and policyholders. What have these investigations revealed?

Answer: These investigations have revealed possible fraud and program abuse in connection with claims filed by policyholders and adjusters. Agents, in some instances, are also involved in these situations.

Question: In cases where fraud has been discovered, what action has been taken to prosecute these individuals?

Answer: Five cases have been referred to United States Attorneys for possible prosecution. In one of these cases, 4 individuals were recently convicted. In that case the major conspirator was convicted of 19 felony counts.

Question: How long do you estimate it will take to complete these investigations?

Answer: It is difficult to estimate the length of these investigations because they are often investigated jointly with other agencies such as the Federal Bureau of Investigation, Postal Inspection Service, and others.

Question: How many staff within the FIA are assigned to these investigations?

Answer: None. The FIA staff does not participate in the active field investigation of these cases. However, the FIA staff provides the support necessary for such an investigative program such as claims expertise, contractor liaison, and computer analysis.

INSPECTOR GENERAL AUDITS

On Page 47 of the salaries and expenses section of your Budget, you indicate that your Office of the Inspector General (IG) will conduct internal audits on a 20-year cycle.

Question: How did you decide on a 20-year cycle?

Answer: The 20-year cycle is for completing internal audits of all FEMA program operations and is an initial estimate by the IG giving consideration to the overall audit workload, both external and internal. It considers that priority is given to external audits of FEMA grants, contracts and cooperative agreements, which involve the major commitment of Agency funds. Disaster assistance grants have been given priority because of the amount of funds involved. The recent establishment of an auditor reservist program to assist in these audits should allow additional audit coverage of other areas. The IG is currently in the process of inventorying and prioritizing the entire audit workload and will realign the audit staff as necessary.

Question: Has a vulnerability assessment for fraud, waste and abuse been done on all of FEMA's activities to support internal audits being safely spread over that long a period of time?

Answer: We are in the process of initiating the conduct of vulnerability assessments within FEMA, in accordancae with the recently issued Office of Management and Budget (OMB) Circular A-123. An Internal Control Committee has been established; a directive on Internal Control Systems and a Vulnerability Assessment Plan have been developed; and guidelines have been drafted for use in conducting these assessments. They will be conducted during the course of calendar year 1982 in compliance with the OMB Circular.

Question: Have you completed preparation of your 20-year audit schedule?

Answer: No. We prepare an annual audit plan and submit a portion to OMB in accordance with OMB Circular A-73. The vulnerability assessments conducted during 1982 will be utilized along with the inventory of audit workload to develop a prioritized audit schedule. This may alter the initial estimate of a 20-year cycle.

CRIME INSURANCE

You propose to discontinue the Federal Crime Insurance during FY 83 because it is not of national proportions.

Question: What assurance does FEMA have that the current Federal coverage will be provided at the State and Local levels?

Answer: At the present time only 27 states participate in the Federal Crime Insurance Program. Twenty-three states either have crime insurance available through the private market, through State FAIR Plans, or state crime insurance programs. Even through 27 states are participating in the program, only 10 states have more than 1000 policies. Over 71% of all policies are in three states, and more than 58% are located in 1 state.

FEMA is working with the private sector to ensure that these policy-holders' needs are met. In additon, FEMA is willing to work with the state insurance departments to determine the most equitable course in light of the Administration's recommendations.

Question: What efforts has FEMA taken to promote the crime insurance program nationwide?

Answer: FEMA has not undertaken extensive nationwide marketing efforts. It was not the government's desire to compete with private industry. However, a pilot project was conducted in five cities, selling insurance through local organizations. The project did very little to increase market penetration. In fact, one city showed a decline in the number of policies during the project.

Question: Is the availability of crime insurance still a problem in urban areas?

Answer: Crime insurance availability still may be a problem in a limited number of urban areas. An overwhelming number of jurisdictions do not have availability problems. In those areas that appear to have problems, FEMA will continue to work with the private market in that area and with the state insurance department.

Question: If Congress decides to continue the Crime Insurance Program, will the proposed changes in premiums and risk classifications significantly reduce the program's annual loss?

Answer: The changes in rating will reduce the losses significantly. Until now the program has lost $3 for every $1 of income. The changes proposed for June 1982 will increase income by about 48%. This may reduce the loss ratio to about 2:1.

Question: Given the legislative objectives of availability and affordability, can the Crime Insurance Program ever be self-sufficient?

Answer: Past FIA Administrators have interpreted the "affordability" language to mean rates which are subsidized. Therefore, there is a conflict between the historical interpretation of the term "affordable" and making the program self-sufficient. Even with clarification of that conflict and on-going rate increases, the program might never be self-sufficient, because of the problems of adverse selection. Adverse selection occurs when policyholders with perceived "slight" risk do not purchase coverage, because they do not believe their risk warrants the premium rates charged. This action reduces the policy base and it may prove to be too small to compensate for these problems.

Question: If the program continues, what level of funding would be needed?

Answer: If the program is continued, a subsidy of $40-$50 million annually would be required.

Questions Submitted by Senator Huddleston

COMMUNICATIONS AND WARNING,

Question: You note that reliable communications and warning are not now available; that a majority of the regions are not adequately staffed; that it would be impossible for most to function for a prolonged period. (p. 6) Please describe the deficiencies which you believe exist in each region.

Answer: The Civil Defense Communications and Warning Systems were designed for the world situation in the mid-1950's with only minimal modifications since that time. The equipment installed at that time is now obsolete. Spare parts and modules are difficult to obtain and equipment does not have the reliability required, for example, IBM 360/30's are still used in the FEMA National Teletype System (CDNATS) for switching of narrative messages. The Administration's program includes deployment of modern, survivable communications and warning systems.

Staffing of communications and warning personnel at the FEMA regions has been fragmented and depleted to the extent that routine maintenance and testing of equipment and systems in some regions can no longer be accomplished. The Administration's program provides for enhancing Regional staffing, including personnel responsible for communications and warning functions.

CIVIL DEFENSE

Question: What background or training does it require for one to be an electromagnetic pulse (EMP) specialist?

Answer: People in certain fields of engineering and communications systems have the education or experience necessary to become proficient in EMP technology and protective measures. Generally those knowledgeable in electricity and electronics are best suited to the training.

Question: What type of technical assistance will such a person provide to the broadcast and communications system?

Answer: The FEMA Regional Engineer or Communication Specialist who has received the training will work with State and local applicants, broadcast station engineers, or their respective architect and engineering contractors. They must examine the specific points of EMP vulnerability of each facility and of equipment. They can then select options for protective measures ranging from the shielding of rooms or areas to protective devices on conductors at points of entry or individual pieces of equipment. The specific combinations selected will need to be cost effective and compatible with radio propagation features. They will assist in and review designs, assist in determining specific devices, and in final inspection and testing of installations.

Question: How will this assistance differ from that previously provided under contract?

Answer: The contractor, the Naval Civil Engineering Laboratory, provided consultant services to FEMA Regions primarily on the

Broadcast Station Protection Program (BSPP) only. Some Regions have lost (through attrition) their on-board expertise. Other Regions required quality control review of their field work.

In FY 82 we will emphasize EMP training of Regional staff to attempt to regenerate and update in-house capability. In FY 83 we will supplement that, as needed, with contract technical support. By whatever combination is necessary, we must expand the technical assistance capability in the field to handle the expanded EMP work and to expand it to cover EOC and communication systems funded by support materials in addition to BSPP.

TRAINING AND EDUCATION

Question: In your training and education programs, what portions of your materials are developed by contract and what in-house?

Answer: In the Civil Defense training program for Fiscal Year 1980, four (4) training packages were developed by private firms. Five (5) training packages were partially developed in-house (50% of staff time). Four (4) additional training packages were developed by Interagency Agreement.

In the Civil Defense training program for Fiscal Year 1981, contracts for six (6) training packages were let to private firms for development. None were developed in-house. Two (2) additional training packages were developed by Interagency Agreement.

CIVIL DEFENSE

Question: How current is the National Shelter Survey?

Answer: Shelter surveys were begun in 1961 and a computerized National inventory was established. All surveys conducted since then have added to and updated the inventory. The survey procedures were changed in 1974 to provide data for Nuclear Civil Protection planning in host and risk areas. In host areas, surveys were expanded to include congregate care and shelter upgrading data. Host area surveys are 58% complete (end FY 81). In risk areas, the surveys were expanded to include data on the direct blast and thermal effects of nuclear weapons. Surveys to update risk area data to include buildings constructed since the last survey and to delete demolished buildings from the inventory are 23% complete (end FY 81).

Question: What criteria are used for inclusion?

Answer: Different criteria are used for surveying in host and risk areas as follows:

Host areas - all buildings, except private residences, containing a minimum of 400 square feet of usable area are surveyed for congregate care, fallout protection, shelter capacity, and shelter upgrading to improve fallout protection.

Risk areas - All buildings except private residences that have a minimum protection factor of 20 or better (i.e., the building mass would reduce the outside radiation level by at least 1/20th) and a capacity of 10 or more people are surveyed for

fallout protection, shelter capacity, relative blast protection and fire vulnerability. The congregate care and shelter upgrading parts of the survey are deleted.

STATUS OF CRISIS RELOCATION PLANNING

Question: What is the current status of your Crisis Relocation Planning program?

Answer: Crisis Relocation Planning was initiated on a national basis in FY 1976 after planning accomplished in eight prototype areas proved feasible. To date, 205 planners have been authorized to States and private planning firms. These planners are to accomplish development of some 3,043 local jurisdiction plans as well as 50 State-level plans. Priority was given to completing planning for those areas impacted by counterforce targets (i.e., those areas adjacent to our strategic retaliatory forces such as missile sites, SAC bases, and ballistic missile submarine ports and repair yards). Of the 3,043 required plans for local jurisdictions, 681 are for counterforce areas. As of September 30, 1981, Crisis Relocation Plans had been completed for 798 jurisdictions or about 26 percent of requirements. Of these, 344 were for areas impacted by counterforce targets. Thus, over 50 percent of the required counterforce area crisis relocation plans had been completed by end of FY 1981. Most of the plans completed have been for smaller size risk areas (i.e., population less than 250,000 persons). Thus, while 26 percent of plans have been completed, these account for about 20 million persons or approximately 14 percent of the risk area population of 145 million.

During FY 1982, we plan to continue emphasis on completing counterforce area plans, to establish nationwide procedures for standardizing review and approval of plans, and to conduct tests and exercises to assure capability of performance by local governments. Such tests and exercises and detailed State plans and resource inventories will generate further refinements and details for the local plans that are now being completed. All plans will be reviewed and modified as necessary.

ENHANCED CIVIL DEFENSE PROGRAM,

Question: You refer to FY 1983 as "the first year of a plan to enhance civil defense capabilities." How many years are involved in the total program and what is the total cost anticipated?

Answer: The proposed program would require seven years for completion. The recently approved national security decision directive on civil defense provides that "By the end of (FY) 1989, the development of plans and deployment of supporting operational systems will be completed," for protection of the U.S. population.

The total cost anticipated is $4.2 billion (FY 1983 dollars) over the seven-year deployment period, or an average of $2.60 per capita annually. The FY 1983 request involves expenditure of about $1.10 per capita. After FY 1989, expenditures would decrease to a maintenance level.

14-067 O - 83 - 31

COMMUNICATIONS AND WARNING

Question: In your justification, you refer to the use of a Statewide satellite-based emergency communications system in Arizona. Do you foresee additional use of satellite communications systems?

Answer: This reflects that we are giving careful consideration to various modes of communications. In FY 1981 FEMA funded the Arizona initiative referred to in the above question with monies out of the Supporting Materials program. The Arizona project is of a demonstration nature. The final report and analysis of this project have not been furnished by the State.

It is our intent in this project to evaluate the extent to which such communications contribute to emergency operations, the survivability and reliability of such systems and their cost effectiveness.

CIVIL DEFENSE

Question: What do you mean by "low cost radiological instruments for public shelter?" A low cost, simple-to-operate radiological ratemeter" for shelters?

Answer: In FY 1962, 200,000 sets of instruments for fallout shelters were procured. The cost at that time was approximately $55 per set. The same set today would cost over $200. The new "low cost" sets developed by FEMA are estimated to cost in the $30 to $40 range. This has been accomplished by the effective use of plastics and high speed molding techniques without sacrificing the required accuracy, precision and ruggedness.

These sets are composed of dosimeters (2), ratemeters (1), and charging devices (1) for preparing the instruments for operation. The ratemeter measures radiation levels and works like an automated speedometer - it tells how fast a given area is receiving radiation. When shielding is introduced to block the radiation, the ratemeter will give evidence of the effectiveness of the shielding. Thus the ratemeter will show shelterees the best locations in the shelter and the effectiveness of measures taken to improve the protective value of this location. The ratemeter must cover a wide range of radiation levels and present the radiation data in a way that the user can make the right decision.

CIVIL DEFENSE

Question: How much of the instruments referred to in the preceding question would you expect to see produced?

Answer: These sets are required for both fallout shelters and postattack recovery. Studies by DOE's Oak Ridge National Laboratory recommend at least 7 million sets (1.5 for shelters and 5.5 for post-attack recovery). The actual number to be produced will be determined by the actual requirements developed as part of State and local plans developed by the 100% funded Radiological Defense Officer program.

CIVIL DEFENSE

Question: You have requested a 25 percent increase in State staff to identify locations for secure storage of radiological instruments (p.18). Specifically, what will the permanent, long-term responsibilities of these persons be?

Answer: Actual inspections of State maintenance shops during this past year indicate that some State shops require additional manpower to support the four-year service cycle objective. Also increased staffing is required to locate local bulk storage repositories, determine the realignment and reallocation of current instrument inventories, in support of NCP, plan for distribution of unassigned instrumentation during a crisis, provide required support for training, and radiological emergency preparedness (maintenance of instrumentation in support of requirements for meeting peacetime nuclear incident emergency plans). The long-term responsibilities of these people will be to service all instrument sets on a four-year cycle to assure their operational readiness.

Question: Do you anticipate further staff additions in this area in future years?

Answer: With the procurement and deployment of seven million instrument sets, there will be a requirement for additional staff. However, further staff additions in future years will be dependent upon the total inventory of radiological instruments in each State and the requirement for maintaining standards for instrumentation readiness and reliability.

RADIOLOGICAL TRAINING

Question: What type of training or expertise must a Radiological Defense Officer (RDO) have?

Answer: The Radiological Defense Officer (RDO) performs highly responsible professional managerial administrative and planning functions of a highly specialized scientific nature in the field of radiation control, instrument radiation analysis, emergency planning, and environmental control post nuclear attack. The RDO is primarily concerned with the protection and survival of the citizens from the hazards of ionizing radiation in the event of a nuclear attack.

The basic requirements for an RDO are the minimum entrance requirements for a Health Physicist or Physical Scientist. This includes:

A. A full four-year or longer curriculum in an accredited college or university that satisfies the requirements for a bachelor's or higher degree in a field of health physics, physical science, biological science, or engineering. The curriculum must have included at least 30 semester hours in health physics, engineering, radiological science, chemistry physics, biology, and/or mathematics for the purpose of providing an understanding of the principles of health physics; or

B. Four years of progressive technical experience and/or education that provided an understanding of sciences applicable to the field of health physics comparable to that which would have been acquired through successful completion of a full four-year college course as described in paragraph A. This education and/or experience must have included or been supplemented by:

(1) courses totaling 30 semester hours as specified in paragraph A. above; or

(2) certification as a Health Physicist by the American Board of Health Physics.

In addition, the RDO must have knowledge of the civil defense program at the Federal, State, and local level.

RDO's that meet the basic entrance requirements are provided additional training in the duties and functions of an RDO and in plan development through training offered by FEMA. The State also provides orientation and on-the-job training to familiarize the RDO with the State civil defense program and elements unique to that State's operation. As with any professional position, knowledge and skills development is a continuing effort.

HIGH RISK AREAS

Question: How did you identify the 400 so-called "high risk" areas for which crisis relocation plans are being developed?

Answer: FEMA and its predecessor agency have analyzed the potential hazards from a nuclear attack and have identified areas considered relatively more likely to experience the direct weapons effects (blast, thermal, and initial nuclear radiation). These areas are termed "high risk" areas.

Designation of "high risk" areas was based primarily on discussions with Department of Defense officials and identification of major Army, Navy, and Air Force installations in the United States. The following approach was used in designating "high risk" areas:

1. Potential target values were developed using unclassified sources based on the following criteria listed in descending priority order:

a. U.S. military installations, particularly our strategic retaliatory forces such as missile sites, SAC bases, and ballistic missile submarine ports and repair yards.

b. Military supporting industrial, transportation and logistics facilities.

c. Other basic industries and facilities which contribute significantly to the maintenance of the U.S. economy.

d. Population concentrations of 50,000 or greater (Bureau of the Census urbanized areas).

2. Based upon projections of Soviet capabilities, circa 1980, under existing Strategic Arms Limitation agreements and U.S. target values, weapon assignments were developed considering U.S. active defenses, vulnerability and time sensitivity of targets with the objective of maximizing targets destroyed and minimizing weapons expended.

3. Probable targets were reviewed to eliminate isolated military and industrial facilities considered to be of marginal significance.

4. Based upon targets resulting from the above and the weapon assignments, State maps were plotted to depict areas subject to a 50 percent or greater probability of receiving blast overpressures of 2 psi or more. For this purpose, it was assumed that all weapons were air burst; system reliability was 0.9 and Circular Error Probable (CEP) was 0.5 nautical miles. These are conservative assumptions used for planning purposes only to maximize direct effects.

5. The maps were provided to Regional Offices for discussion with State emergency management staffs. The States were given an opportunity to present justification for the addition or deletion of areas deemed to be at relatively high-risk from initial nuclear attack effects.

6. The "high risk" area maps were published in FEMA publication TR-82 "High Risk Areas."

Studies are being continued in the reevaluation of future threats to determine whether the areas currently defined as "high risk" should be modified.

It should be noted that the high risk designations do not constitute a prediction by FEMA that all or any of these locations would necessarily be subjected to a nuclear attack. Rather, it is an assumption made for planning purposes that they are more likely to be attacked than other places.

Question: How did you determine that some 3,000 plans were needed?

Answer: Nuclear Civil Protection (NCP) Planners under contracts to States or private planning firms working with local officials, analyzed the "high risk" area maps and other data provided to them. They established "planning areas" for development of Crisis Relocation Plans. A planning area includes the host jurisdictions that serve a given risk area. Risk areas may encompass several political jurisdictions, each requiring a Crisis Relocation Plan. On a nationwide basis, nearly seven host area political jurisdictions, on average, are required to accommodate the evacuees from each of the 400 "high risk" areas. While most planning areas usually follow county borders, many plans for jurisdictions in the Northeast Corridor of the U.S. and in southern California do not follow county borders. State NCP planners have currently identified 3,043 places where host or risk Crisis Relocation Plans are required.

CRISIS RELOCATION PLANNING,

Question: What kind of background and training do you expect your Crisis Relocation Planners (CRP's) to have?

Answer: The 205 Crisis Relocation Planners authorized in Fiscal Year 1982 are, for the most part, State employees. Several are employees of private professional planning firms. We expect these planners to have had experience in various aspects of municipal planning including experience in disaster operations and in dealing with complex variables and statistics such as census data and transportation networks. Many have university degrees in planning or actual prior work experience as a planner (approved by the state as being equivalent to their educational requirement). Many State planners are former military personnel having experience in Base Disaster Planning and Operations. Newly hired planners receive on-the-job training as well as additional training through the conduct of special courses presented by FEMA Regional staff and staff of FEMA's Emergency Management Institute.

Question: What will happen to these CRP's once the plans are complete?

Answer: Crisis Relocation Plans are, in effect, State and local government plans accomplished by planners hired under a contract to the State or FEMA Regional Office. Once the initial plans are completed, additional planning and refinements will be accomplished to provide increased capability and credibility for performance. Tests and exercises will be conducted periodically to assure that State and local government officials are familiar with the plans and can respond to emergencies. If tests and exercises uncover plan weaknesses, these will be corrected by the planners. The initial Crisis Relocation Plans will be enhanced by providing additional annexes containing details involving upgrading of existing buildings for fallout protection. Also, additional refinements dealing with evacuation through "organizational relocation" will be made. This will involve developing detailed organizational plans for relocating as an organizational entity in host areas and having essential personnel commute to risk areas to carry out essential functions. Upon completion of enhanced plans, Crisis Relocation Plans will have to be maintained, or modified in response to possible deficiencies encountered in tests and exercises. Also, planners will be involved in developing in-place shelter protection plans to shelter residents of risk and host areas in best available protection in existing buildings should time and circumstances preclude implementation of crisis relocation. When all plans (crisis relocation and in-place protection) are completed, the number of planners will be reduced to a quantity required for the maintenance of plans.

Question: Why can't this planning be done under contract?

Answer: Crisis Relocation Planning is being accomplished through contracts. Most of the States are under contract to the FEMA Regions using a Comprehensive Cooperative Agreement as the "contract vehicle." Planning in the States of Washington, Oregon, and Idaho is accomplished through a contract with a private professional planning firm.

CIVIL DEFENSE

Question: What is the state of the art with regard to radioprotective drugs?

Answer: Potassium Iodide (KI) is the only substance, which is sometimes classified as a radioprotective drug, whose efficacy has been established by the Food and Drug Administration (FDA). KI was developed for use in peacetime radiological emergencies. However, it would also be useful in emergencies resulting from nuclear attack on the U.S. or fallout on the U.S. from weapons detonated in other countries.

Little is known about true radioprotective substances and the mechanisms by which they prevent or repair somatic or genetic damage. For this reason, in 1981, FEMA requested the National Bureau of Standards (NBS) to take the lead in assessing this situation and developing appropriate programs. The NBS has organized the "First Conference on Radioprotectors and Anticarcinogens" to be held at NBS on June 21-24, 1982.

INDUSTRIAL PROTECTION ("PRIMITIVE" TECHNOLOGY)

Question: What do you mean by "reverting, in some specific cases, to primitive technologies for their applicability in the post-attack world"?

Answer: The focus is on simple expedients, many of which would come from the simple forebears of modern high technology. An example would be small, simpler petroleum refineries of the type used before the modern, high technology plants came into being. These plants would be located outside risk areas and designed to produce only diesel fuel and kerosene, in order to give us the ability to produce essential fuels quickly. For those plants that are difficult or impossible to protect against nuclear weapons effects, the concept would be to investigate the feasibility of using the less sophisticated but still effective processes of the past, to accelerate recovery.

CIVIL DEFENSE

Question: What is the per unit cost of EMP protective devices for broadcasting stations?

Answer: There are presently 116 different types and sizes of protective devices and materials used in the EMP protection of radio stations. They include such things as transient suppressors of various types, gas gaps, metal oxide varistors, surge arresters, and so forth. These devices range in cost from $1.00 for the least expensive metal oxide varistor, to $70.00 for antenna gas gaps. The quantities, sizing, and placement of devices depends on the equipment used and the size of the station. Cost to EMP protect a broadcast station is about $4,000.

CENTRAL U.S. EARTHQUAKE STUDY

Question: What does FEMA intend to do to bring year-to-year continuity to the Central United States Earthquake Study?

Answer: To provide year-to-year continuity, FEMA has assigned to FEMA Region VII the responsibility for the lead for this effort. Region VII has in turn established close working relationships with the other affected regions, namely IV, V, and VI. Each Region has assigned resources to this specific effort and will assign additional resources as they are needed. At the National Office, management of the effort has also been combined in the Natural Hazards Division, Office of State and Local Programs and Support. Of equal importance to this study are the steps that have been taken, and are continuing, to develop grass-root support among public officials, academics, voluntary agencies, practicing professionals, and the general public in a seven-State area. Seminars, workshops, and dissemination of hazard awareness information are being encouraged to achieve the support of these groups. Key to the continuity of this project is the continual availability of adequate funds.

CENTRAL U.S. EARTHQUAKE STUDY

Question: What does FEMA intend to do to integrate earthquake activities with their other preparedness activities?

Answer: FEMA has realigned its functions to bring about this integration. At the National Office, this realignment resulted in the centralization of all earthquake responsibilities in the Office of the Associate Director for State and Local Programs and Support. The head of that Office is able to call on an interdisciplinary staff with expertise in such diverse areas as response and recovery assistance, geology, hazard mitigation, law, engineering, planning, economics and other complementary fields. Furthermore, in each of the ten FEMA regions there are persons assigned to earthquake-related functions. In this organizational arrangement, the head of the Office of State and Local Programs and Support is now responsible for the full spectrum of National Earthquake Hazards Reduction Program (NEHRP) activities, from research and applications of its results to preparedness for, mitigation of, response to, and recovery from damaging earthquakes.

The Associate Director for State and Local Programs and Support has the responsibility for other emergency management assistance programs, such as floodplain management and hurricane preparedness, for State and local units of government. This responsibility also includes the Disaster Assistance Program as authorized under the Disaster Relief Act of 1974, and components of the civil defense program.

CENTRAL U.S. EARTHQUAKE STUDY

Question: From the perspective of budget guidance from the National Office to the Regions, does the National Office share the level of concern as the Regions and the States?

Answer: Yes. The National Office of FEMA has placed a high priority in the National Earthquake Hazard Reduction Program. The National Office directs the activities of the Regional Offices in carrying out the program. The amount of activity is based on the availability of funds.

CENTRAL U.S. EARTHQUAKE STUDY

Question: To what extent is FEMA relying on private consultants to carry out earthquake studies?

Answer: An interagency agreement has been signed with the U.S. Geological Survey to conduct the vulnerability analysis for the Central U.S. Earthquake Study. A private consultant will be employed by contract to provide engineering assistance to do the damage assessment.

In addition, we employ several consultants to provide specialized knowledge in areas in which FEMA needs additional assistance and expertise.

CENTRAL U.S. EARTHQUAKE STUDY

Question: What is the extent of participation of other Federal agencies in FEMA earthquake studies with respect to possible duplication of costs and efforts?

Answer: FEMA earthquake studies are based on substantial efforts of several Federal agencies, notably the U.S. Geological Survey (USGS), the National Science Foundation (NSF), and the National Bureau of Standards (NBS). Only two agencies, USGS and NBS, however, participate directly in FEMA earthquake-related studies. Close management by FEMA of studies undertaken by these agencies assures that there is no duplication of efforts or costs.

CENTRAL U.S. EARTHQUAKE STUDY

Question: Who is the leading Federal agency in earthquake studies?

Answer: In terms of dollars spent, the leading Federal agency in earthquake studies is the U.S. Geological Survey (USGS).

There are four major participants in the National Earthquake Hazard Reduction Program (NEHRP): 1) FEMA which is responsible for coordinating the activities of all Federal agencies in earthquakerelated areas, developing seismic safety provisions for adoption by Federal agencies and the private sector, and conducting preparedness planning in selected areas of high seismic risk and heavy concentration of population and industry/commerce; 2) USGS which is responsible for determining the nature of earthquakes, predicting their occurrence, and understanding induced seismicity; 3) National Science Foundation (NSF) which is responsible for doing research on earthquake processes and phenomena, earthquake engineering, architecture, and urban planning and in societal effects of earthquakes; and 4) National Bureau of Standards (NBS) which is responsible for research on performance criteria, supporting measurement technology, and for providing technical assistance to other agencies.

CENTRAL U.S. EARTHQUAKE STUDY

Question: When does FEMA plan to complete the Central United States Earthquake Study and implement the necessary planning identified by the study?

Answer: FEMA is committed to the development and implementation of a comprehensive earthquake preparedness program for the Central United States. This program began in the fall of 1981 and will take until 1986 to complete provided sufficient funds are made available. Presently, the vulnerability analysis is underway. Other phases which remain are preparedness/special planning, prediction planning testing/evaluation and public education/information. Implementation of the preparedness plans will begin upon completion of their testing and evaluation. The success of the implementation will depend upon the support of State and local officials and the general public.

FIRE PREVENTION AND CONTROL

Question: On page 32 of your justification, you note that progress has been made in improving the cost-effectiveness of various fire protection services. Please explain.

Answer: The U.S. Fire Administration (USFA) has been successful in developing the capability of State and local governments to address their own fire protection problems, by assisting in the development of incident data, public fire education, fire protection resource management, arson prevention and control, and in stimulating the private sector involvement in research and development of new products for fire safety.

Question: Specifically, what previously federally funded activities do you expect state and local government and the private sector to assume?

Answer: Based on discussions with users, we believe that the fire service organizations, the National Fire Information Council and industry users of the data want to keep the National Fire Incident Reporting System viable. We also expect that state and local governments and the fire service, in association with the private sector, will continue support for public fire education campaigns and programs, applied sprinkler systems, firefighter protective gear and distress signalling devices.

FLOODPLAIN MANAGEMENT

Question: Has the entire United States now been studied and mapped for floodplain management?

Answer: Of an estimated 20,400 flood prone communities within the United States, about 19,000 contain flood hazards severe enough for which Flood Hazard Boundary Maps (FHBMs) or Flood Insurance Rate Maps (FIRMS) resultling from a detailed hydrologic analysis have prepared. The FHBM does not provide base flood elevations which are necessary to establish actuarial premium rates and for the enactment of detailed floodplain management measures. Before this can be accomplished, a detailed hydrologic engineering study must be done. These studies have been completed or are underway for communities which encompass 80% of the nation's flood prone residences.

FLOODPLAIN MANAGEMENT

Question: On p.31, you refer to initiating "restudies". How do you decide when and where to restudy?

Answer: FEMA initiates a restudy for a community where there are significant changes in the hydrology or hydraulics for the area resulting from floods, development outside the floodplain, or for other phenomena which affect the accuracy of base flood elevation determinations. In addition, we initiate restudies when there is a major improvement in study methodologies such as inclusion of wave heights, or where there is a significant increase in damage claims outside of the identified flood hazard area.

Once the need for a certain number of restudies is established, a priority list is established based on the population and number of insurable structures in the floodplain, the number and amount of flood insurance policies in effect, the extent of change in the floodplain from that previously shown, the amount paid in disaster assistance, and the amount of insurance claims paid.

FLOODPLAIN MANAGEMENT

Question: To what extent will technical assistance be available in FY 83 to communities for floodplain management?

Answer: Technical assistance for floodplain management will be available to communities in FY 83 through the following means:

1) Publications which are prepared to assist individuals, communities or organizations in mitigating the effects of flooding on structures and on the populace.

2) Providing funds to States in order that they may, in part, strengthen their own technical assistance to their citizens.

3) Local officials are encouraged to contact FEMA in order to resolve floodplain management issues.

4) Community Assistance and Program Evaluation (CAPE) visits by Regional staff.

A CAPE on-site visit by Regional personnel provides a means for community officials to receive guidance and assistance in implementing their Floodplain Management (FPM) program.

The Regional staff meets with officials ranging from the Mayor, the City Manager, the City Engineer, and from city departments such as the Department of Permits and Building Inspections, Department of Planning and Zoning, and Department of Public Works.

A CAPE visit and report covers the following subjects: 1) evaluation of the floodplain management ordinance; 2) evaluation of enforcement procedures; 3) adequacy of flood technical data; 4) observations during tour of development in the flood hazard area; 5) results of meeting with bankers and insurance agents; and 6) the need for follow-up actions by the community and the Regional staff.

FLOODPLAIN MANAGEMENT

Question: How does FEMA "monitor" local enforcement of floodplain management regulations?

Answer: Through a program known as Community Assistance and Program Evaluation (CAPE). The primary purpose of the CAPE program is to provide guidance and assistance to communities in implementing any phase of its Floodplain Management Program

based upon its legally adopted ordinances. This is achieved through on-site visits by Regional Personnel to individual local communities. The on-site visits are used to assess the communities' understanding of and implementation of their responsibilities in meeting floodplain management compliance and enforcement requirements under the National Flood Insurance Program.

FLOODPLAIN MANAGEMENT

Question: You note that 181 communities have been suspended from the Flood Insurance Program for failure to adopt proper ordinances. Why have these communities decided not to adopt such ordinances?

Answer: A community participating in the National Flood Insurance Program (NFIP) can be suspended either for failure to adopt the required floodplain management ordinances or for failure to enforce the ordinances adopted. Suspension for failure to adopt the necessary ordinances is more "procedural" and is tied into the 6-month conversion process to the Regular Program. Reinstatement generally occurs within six weeks after the suspension.

However, some small communities don't feel the need to participate in the program for the following reasons:

- Their flood hazard areas are small and it would not be worth their time or effort to adopt and enforce the ordinances.

- They wouldn't be affected by the sanctions imposed on non-compliant communities because the area(s) to which the sanctions would apply (identified by FEMA as flood prone) are small or no development is practical or foreseen in these area(s).

- There is a combination of a lack of knowledge about the program, and there is no adverse effect on the community from the sanctions.

NATIONAL FLOOD INSURANCE PLANS

Question: What is the status of the 9,000 communities which have not been studied (p.81) insofar as participation in the flood insurance program is concerned?

Answer: About 6,000 of the communities participate in the Emergency program of the NFIP. About 858 of these communities are participating without maps. The balance, 3,000, have had their special flood hazard areas tentatively identified and delineated by a Flood Hazard Boundary Map, but have elected not to participate in the NFIP.

Question: Your justification indicates that FEMA will not complete studies of all flood-prone communities by August 1983. When do you expect to complete?

Answer: Provided adequate funds are appropriated, FEMA plans to complete most flood insurance studies by 1987. FEMA estimates that 4,500 communities will be studied in detail, another 1,500 can be studied by using existing data, and the remaining 3,000 communities will be studied by an approximate study. These 3,000 areas have minor flood hazards and are not potential areas for development.

RADIOLOGICAL EMERGENCY PREPAREDNESS

Question: What are FEMA's responsibilities with respect to power plant licensing?

Answer: FEMA has no direct role in nuclear power plant licensing; licenses are issued by the Nuclear Regulatory Commission (NRC). Under the 1980 NRC Authorization Act, FEMA does provide consultation to NRC on the adequacy of state and local radiological emergency plans to protect public health and safety.

RADIOLOGICAL EMERGENCY PREPAREDNESS

Question: What are the 32 sites for which the Nuclear Regulatory Commission currently requires on-site planning (p.50)?

Answer: The NRC presently requires on-site planning and has published advance notice of proposed rulemaking for off-site planning around the following 30 (2 plan to reduce their activities in the near future and will be exempt) full cycle and major materials license holders.

Region I
New England Nuclear Corporation, Billerica, MA
New England Nuclear Corporation, Boston, MA
United Nuclear Corporation, Uncasville, CT
Combustion Engineering, Windsor, CT

Region II
Union Carbide, Tuxedo, NY
E.R. Squibb and Sons, New Brunswick, NJ

Region III
Safety Light Corporation, Bloomsburg, PA
Babcock & Wilcox, Parks Township, PA
Babcock & Wilcox, Apollo, PA
Westinghouse, Cheswick, PA
National Bureau of Standards, Gaithersburg, MD
Babcock & Wilcox (R&D), Lynchburg, VA
Babcock & Wilcox (Commercial), Lynchburg, VA
Babcock & Wilcox (Naval), Lynchburg, VA

Region IV
Nuclear Fuel Services, Erwin, TN
General Electric, Wilmington, NC
Westinghouse, Columbia, SC

Region V
Abbott Laboratories, Chicago, IL
Allied Chemical, Metropolis, IL
Minnesota Mining, St. Paul, MN
Battelle Memorial, Columbus, OH
Monsanto Research Corp., Dayton, OH

Region VI
Kerr McGee, Sequoyah, OK
Kerr McGee, Cimarron, OK

Region VII
Mollinckrodt, St. Louis, MO
Combustion Engineering, hematite, MO

Region IX
General Atomic, San Diego, CA
General Electric, Vallecitos, CA
Rockwell International, Canoga Park, CA

Region X
Exxon Nuclear Co., Richland, WA

Question: Specifically what does FEMA do to assist surrounding communities?

Answer: FEMA reviews and evaluates State and local government Radiological Emergency Preparedness response plans; participates in the evaluation of exercise scenarios designed to test these plans; provides technical assistance in the development of these plans when necessary; develops a Federal response plan for coordinating the provision of Federal assistance to support State and local government response to radiological accidents; and develops planning and preparedness guidance for State and local governments. FEMA also develops and provides training associated with radiological emergency preparedness and radiological monitoring for State and local government officials.

DISASTER RELIEF ADMINISTRATION

Question: On Page 38 you indicate FEMA responded to 15 major disasters, one emergency, and two suppressions. Please list these.

Answer: The listing below shows the response during Fiscal Year 1981, the FEMA declaration number, the date of declaration, the State and the incident involved.

FISCAL YEAR 1981

MAJOR DISASTER DECLARATIONS

Number	Date Declared	State	Incident
FEMA-633-DR	10/2/80	California	Flooding
FEMA-634-DR	11/27/80	No. Marianas	Typhoon Dinah
FEMA-635-DR and FEMA-636-DR	11/27/80 3/17/81	California Kentucky	Major Fires High winds Sewer Explosions
FEMA-637-DR	3/24/81	Am. Samoa	Typhoon Esau
FEMA-638-DP	4/10/81	Alabama	Tornadoes, Severe Storms & Flooding
FEMA-639-DR and FEMA-640-DR	5/14/81 5/27/81	Alabama Montana	Severe Storms Flooding Severe Storms and Flooding
FEMA-641-DR	6/15/81	Pennsylvania	Severe Storms and Flooding

FEMA-642-DR	6/16/81	Ohio	Severe Storms, Tornaodes & Flooding
FEMA-643-DR	6/30/81	Illinois	Severe Storms, Tornadoes & Flooding
FEMA-644-DR	7/18/81	Kansas	Severe Storms, Tornadoes & Flooding
FEMA-645-DR	8/28/81	Nevada	Severe Storms and Flooding
FEMA-646-DR	9/21/81	Texas	Severe Storms and Flooding
FEMA-647-DR	9/29/81	Marshall Isles	Major Fire

EMERGENCY DELARATIONS

FEMA-3083-EM	10/19/80	New Jersey	Water Shortage

FIRE SUPPRESSIONS

2041	7/29/81	Oregon	Forest Fire (Round Lake)
2042	8/9/81	Nevada	Forest Fire
2043	9/15/81	Oregon	Rogue River Fire

COMPREHENSIVE EMERGENCY PREPAREDNESS PLANNING

Question: Please indicate where you have (1) completed earthquake vulnerability analyses, (2) have them underway, and (3) plan yet to initiate them.

Answer: A table displaying this information is shown below:

Location	Vulnerability Analysis	Contingency Planning		
		Local	State	Federal
Boston, MA	I - FY 80	N	N	N
Buffalo-Rochester. NY	N	N	N	N
Puerto Rico	N	N	N	N
Charleston, SC	N	N	N	N
Central US (New Madrid fault)	I-81, 0-82	N	N	N
Salt Lake City, UT (update Wasatch fault)	C-1976 I - FY 81	C-82	C-82	C-1978
San Francisco, CA (update)	C-1972 N	C* I-83	C* N	C-82
Los Angeles, CA	C-1973	I-80,C-83	C*	C-82
San Diego, CA	N	N	N	N
Honolulu/Oahu, HI	C-81	C-83	C-83	C, C-83
Puget Sound, WA (update)	C-1975 I-82	I-83	C-82	C-81

Anchorage, AK	C-81	C-83	I-82	N

* Contingency plans for moderate earthquake only.

I = initiated, C = complete, O = ongoing, N = planned, not initiated.

COMPREHENSIVE EMERGENCY PREPAREDNESS PLANNING

Question: Where have you (1) completed, (2) have underway, and (3) plan to initiate hurricane vulnerability analyses?

Answer: No vulnerability analyses have been completed yet, but FEMA has a vulnerability analysis underway for the Tampa Bay area which is expected to be completed this fall. FEMA will initiate vulnerability analyses for three areas this year. These are Galveston, Houston, Texas; New Orleans, Louisiana; and southeastern Florida. In future years, comprehensive preparedness planning programs beginning with vulnerability analysis will be initiated for the following areas provided funds are available:

1. Hawaii
2. Beaumont/Port Arthur, TX
3. New Jersey Coast
4. Corpus Christi, TX
5. Brownsville/Rio Grande Valley, TX
6. Charleston, SC
7. Chesapeake Bay
8. Delaware Bay/Coast
9. Long Island, NY
10. Southern Connecticut Coast
11. Mobile, AL
12. Puerto Rico/Virgin Islands
13. Samoa, Guam, and Trust Territories
14. Narragansett Bay/Southern Rhode Island
15. Lake Okeechobee, FL
16. Pamlico Sound, NC
17. Buzzards Bay, Cape Cod, Martha's Vineyard and Nantucket Islands
18. Mississippi Gulf Coast
19. Western Florida Panhandle

Efforts will be made to consolidate the Mobile, Mississippi Gulf Coast and Western Florida Panhandle planning programs because of the commonality of potential hazard and for greater economy.

COMPREHENSIVE EMERGENCY PREPAREDNESS PLANNING

Question: Which States do not receive disaster improvements grants?

Answer: Five States have declined Disaster Preparedness Improvement funding this year -- Indiana, Michigan, Texas, Iowa, and Oregon. Two others -- Idaho and Washington -- also do not have current grants but are expected to apply. Michigan was previously awarded two grants, $25,000 in October 1978 and $12,000 in September 1981. Washington has received one grant for $25,000 in April 1980. Idaho has had three previous grants. Indiana, Texas, Iowa and Oregon have never requested the grant.

RESOURCES PREPAREDNESS

Question: What methodologies are employed in assessing the U.S. vulnerability to resource shortages?

Answer: FEMA examines threats to U.S security in terms of industrial, material, and labor requirements and projected emergency industrial capacities and material and labor availabilities. Potential significant emergency resource shortages identified through these comparisons provide the basis for setting stockpile goals and for other proposed measures, such as DPA Title III programs, to reduce U.S. vulnerabilities.

Question: What types of resource management plans have been prepared?

Answer: Plans have been prepared for a range of emergency conditions including mobilization, conventional war and nuclear war. These include: Central Resources Management Plan; Plan for civil support of military rapid deployment; Plan for emergency support of defense fuel requirements; Civil airlift support for defense.

Question: What conclusions have you reached regarding the ability or inability of the industrial base to sustain the U.S in the event of a conflict?

Answer: Except for the most limited conflicts, it is clear that the U.S. short run ability to support a mobilization is unsatisfactory. FEMA recently examined the U.S. capability to equip, train, and deploy all currently authorized active and reserve forces (i.e., full mobilization) within a six-month period. Our preliminary conclusion is that serious capacity and occupational shortages would prevent reaching the goal.

Question: Among the accomplishments mentioned on page 23 are a test of the "policies, plans and procedures for central resources management systems and for standby emergency organizations." How did you test this?

Answer: FEMA's REX-80 BRAVO exercise tested the resource management system and emergency organization in conjunction with a Department of Defense mobilization exercise. Since that exercise, we have revised concepts, plans and the emergency organizations. Instead of creating new emergency organizations such as the Office of Defense Resources, the central programming and controls will be exercised by FEMA, which will be realigned and expanded to provide necessary staffing. Experts from industry, preselected and designated as National Defense Executive Reservists, will further augment the FEMA staff during mobilization or war. The concept will be tested in the next joint DOD/civil agency mobilization exercise.

NATO MEDICAL WORKING GROUP

Question: Please explain what the NATO Medical Working Group does?

Answer: The NATO Joint Civil/Military Medical Group was established to increase coordination and cooperation between civil and military medical services; to strengthen the medical and health preparedness within nations and for the alliance; and to define the tasks required for civil/military coordination and cooperation in medical services.

Priorities were established for working group studies in May 1981: (1) Immediate: disaster medicine, communications/coordination (joint U.S.-U.K. effort), mass casualty plans, preventive medicine, movement of casualties, health and medical resources, medical evaluation, nuclear, biological and chemical, training and information, casualty estimation and classification, medical support to the military forces, including reinforcements; (2) Short-term: population movements, and standardization and interoperability; (3) Long-term: hospital bed capacity, specialized supporting services, and data bank.

FEDERAL PREPAREDNESS

Question: To what extent does your planning for natural and technological disasters overlap with your planning for emergency arising under nuclear attack?

Answer: There are many areas of common application between planning for natural and technological disasters and planning for a nuclear attack. Many of the people and plans, and much of the equipment put into place for the nuclear attack emergency also can be used in responding to natural and technological hazards. The opposite is also true in that national and state and local civil defense plans take into consideration in-place emergency resources such as fire engines and emergency medical vehicles.

Questions Submitted by Senator Leahy

CIVIL DEFENSE AND CRISIS COERCION

Question: The White House statement of March 16 on civil defense policy states that this civil defense program will "reduce the possibility that the U.S. could be coerced in time of crisis."

How will this program reduce this possibility?

Answer: Deterrence of nuclear war is a fundamental objective of this Administration as it has been of previous Administrations since the introduction of nuclear weapons. Civil defense is an essential element in an overall strategic posture made up of a variety of measures. These measures contribute to a strategic balance that will dispel any Soviet illusion that nuclear war would produce any meaningful gain, even in an acute crisis.

It would be undesirable for Soviet leadership to believe that the lack of civil defense in the U.S. would give them, in the context of other elements of the strategic balance, a capability that could be used to political advantage. If this were believed by Soviet leaders to be important, in the context of other factors, this could help incline them to take further escalatory steps during a crisis, which would in turn increase the risk of war.

Real or perceived vulnerability could be destabilizing. Soviet leaders might be led to conclude that the U.S. would rather avoid the risk of nuclear war than expose its unprotected population to a devastating attack. Or, Soviet leaders might underestimate U.S. resolve. Either belief could increase the possibility of miscalculations that increased the danger of war.

If the Soviets began evacuation of their cities, it would be essential for the U.S. to have a capability to reduce the vulnerability of its population. This would enhance prospects for equitable resolution of the crisis.

CIVIL DEFENSE AND DETERRENCE

Question: The March 16, 1982 statement from the White House on the U.S. Civil Defense Policy stated, "the U.S. Civil Defense program will enhance defense . . . ."

How will this program achieve that objective?

Answer: As stated by the President in his statement on civil defense policy, the U.S. relies primarily upon its strategic retaliatory nuclear forces as the preponderant factor in maintaining deterrence.

However, civil defense contributes to enhanced deterrence in that it acts to decrease the vulnerability of the U.S. population to attack and diminishes Soviet perceptions that U.S. population is hostage to escalated confrontation.

As such, civil defense is one element in an overall strategic defense posture comprising a variety of measures. Civil defense has two major objectives (a) to enhance deterrence, thus helping to make

nuclear war more unlikely; and (b) to save American lives in the event of a nuclear war, which is unlikely to occur, and in the event of the peacetime disasters which do occur all too frequently.

The program proposed by the Administration would afford the U.S. population a far better chance of survival than they enjoy today. Still, clearly a large-scale nuclear attack, should deterrence and escalation control fail, would still result in horrifying consequences including tens of millions of deaths and injuries, as well as massive physical destruction. The proposed program, therefore, can not honestly be charged with creating the delusion that nuclear war is easily accepted instrument of national policy.

CIVIL DEFENSE AND PERCEPTIONS OF THE STRATEGIC BALANCE

Question: The same March 16 statement explained that Civil Defense, "as an element of the strategic balance, should assist in maintaining perceptions that this balance is favorable to the U.S."

Please explain how this is the case.

Answer: The role of civil defense in helping maintain favorable perceptions of the strategic balance is outlined in the answers to the two preceding questions. Improved civil defense, as one element of the strategic balance, will contribute to perceptions that the U.S. intends to maintain a strategic balance that will dispel any Soviet illusion that a nuclear war could produce a meaningful gain.

POSTATTACK HOUSING

Question: On the first page of the manual prepared by the Department of Housing and Urban Development's Civil Defense unit, it describes how HUD will have the power to take over "privately owned residential structures whose owners have disappeared. . . " Later, the manual establishes the policy that an emergency tenant can be evicted for "nonpayment of rent unless in the judgment of the Housing Manager, the failure to pay is due to causes beyond the control of the occupant."

How many million families will be living in other people's homes as a result of a large-scale nuclear attack?

Answer: Estimates on the number of Americans who might be required to live in other people's homes as a result of a large-scale nuclear attack have not been determined by FEMA. The intent of HUD guidance on housing is that all possible options on emergency housing and care should be considered, and that decisions should be based on the local situation. The numbers of homeless survivors, and of damaged housing units, hotels and motels available, should be locally evaluated and the most practical options to house survivors should be selected. In some cases, there might be no need to house families in other people's homes; in other cases, there might be a great need.

OPIUM STOCKPILE

Question: Is the Federal Preparedness Agency's proposal of nearly doubling the strategic stockpile of opium from 71,000 to 130,000 pounds of opium supported by the Federal Emergency Agency?

Answer: Yes, the stockpile goal for opium was increased to 130,000 pounds by the Federal Emergency Management Agency on May 2, 1980. (It should be noted that the stockpile goal is expressed in anhydrous morphine alkaloid (AMA) and is to be held in the form of opium derivatives.)

Question: Is this increase in the stockpile in any way related to increased nuclear civil defense efforts?

Answer: No. The stockpile goal was increased during the last Administration and prior to President Reagan's decision to seek increased nuclear civil defense resources. Stockpile goals for all materials are derived from the implications of assumed wartime scenarios; most goals are based on the needs of the nation for the first three years of a conventional war. Medicinals, such as opium, however, also are considered in the light of requirements following a nuclear attack.

POPULATION SURVIVAL

Question: One of the most striking elements of your civil defense program is our optimism that 80% of the population will survive the attack.

A recent study at Oak Ridge National Laboratory, which is also optimistic about survival after a nuclear attack -- assumed that the elderly will be sent out of shelters to search for food.

Further, this study found that there will be ten million more deaths if the entire population -- and not just the elderly -- are sent out of the shelters for food.

Does your 80% survival estimate rely on radiation aversion strategies such as using older persons to searching for food?

Answer: No. FEMA planning does not reflect strategies for radiation exposure control such as requesting older persons to leave shelters to replenish food supplies. Our planning guidelines indicate that decisions as to whether there is a need to send anyone out of shelters to replenish food supplies should be made at the individual shelter level, and that where there is such a need, shelter managers should (and in nearly all cases would) seek volunteers.

DURATION OF RELOCATION

Question: You believe that massive relocation of scores of millions of Americans is the heart of the civil defense program. A study done for the Joint Committee on Defense Production estimated that the density per dwelling unit would increase three to four times after a nuclear attack.

If the President orders a precautionary evacuation, how long do you expect that Americans would live under these conditions if a nuclear stalemate dragged on for weeks or months?

Answer: We believe that a crisis so acute as to warrant relocating the population of U.S. metropolitan and other risk areas is very unlikely but not impossible. If nation-wide crisis relocation were ever advised, we believe this would occur after Soviet city evacuation had started.

The assumptions used for planning are that the relocation period would probably be from one to two weeks, but that a somewhat longer period can not be excluded.

Evacuees would be provided temporary lodging in schools, churches, motels, armories, and commercial structures identified by the host area shelter survey, in preference to private residences. The same standards used by the American Red Cross in providing temporary lodging for hurricane evacuees are utilized and evacuees would be fed in school cafeterias, restaurants, and other facilities identified by the survey and in local host-jurisdiction plans.

CHANGE-OF-ADDRESS FORMS.

Question: In the Postal Service's Civil Defense Manual are included sample completed emergency change-of-address forms. After a nuclear attack on the United States, will social workers have time to make out change-of-address forms for tens of millions of victims of a nuclear attack?

Answer: The forms included in the Postal Service's Civil Defense Manual were designed to be used as guidelines to be followed by private citizens and welfare workers in those cases where the extent of the damage is such that the Postal Service is still able to function to a reasonable degree. Because of the many variables to be considered in attack planning and preparedness, it is impossible to calculate precisely whether there will be adequate post offices, welfare personnel, or other facilities following an attack or mass movement of population. In the case of a nuclear attack, the functions performed by governmental agencies would depend on the severity and degree of damage, the extent to which certain facilities had survived, the numbers of personnel who had survived who could be expected to perform their duties, and the priorities established after the attack. The Postal Service designed its manual to indicate those functions that "should" be performed, recognizing that the severity of the circumstances may preclude or delay their accomplishment.

As is the case in all areas of civil defense planning, priorities must be established. If the services of welfare workers are required to perform other life-saving or health-related functions, then the completion of change-of-address cards would be considered a lesser priority and would be deferred until a later

date. The most important consideration is the protection of life and property.

SURVIVAL ESTIMATES

Question: Please provide a justification for your assessment that 80% of the public could survive a nuclear attack. Where such a justification is based on studies or analysis, please provide a citation for these analogies ("analyses"?).

Answer: A good unclassified study of this subject is "Candidate U.S. Civil Defense Programs," System Planning Corporation Report 342, Arlington, Virginia, March 1978. This study examines the consequences of six possible population postures in an assumed Soviet nuclear attack on U.S. military and urban/industrial targets. The six alternatives range from no civil defense, to a relocated population, to blast shelters in cities.

The study finds that the maximum population survival rate of about 90 percent is achieved by a program which would place each American living in cities into blast shelters at the time of the attack. However, the program to construct those blast shelters was estimated to be about $60 billion in 1979 dollars.

The next best result was achieved by arranging to have the urban population dispersed into rural areas at the time of the attack. This relocated posture achieved about 80 percent survival under the conditions assumed in this study. Since it was also much less expensive than the blast shelter programs (about $2 billion), it proved to be the most feasible program.

The 80 percent survival figure achieved in this analysis depends on the accuracy of the assumptions in the study and on the accuracy of the casualty calculations. In the event of an actual attack the real percentage of survival could be quite different from the nominal 80 percent figure. It is probable that survival would be higher than 80 percent, because the study assumptions were designed to cause casualties. The study assumes that the Soviets attack all military targets and all medium to large cities in such a way as to emphasize both blast and fallout. This would be difficult in reality, so the casualty estimates are overestimated deliberately. This study also assumed that only 80 percent of the people living in cities would actually relocate to rural areas. The people remaining in the cities were almost all killed in the attack.

The importance of this study is not a prediction of 80 percent survival. Studies of this type are better at predicting relative results rather than absolute results. The importance of this study and other studies of this problem is that they show that the most effective population protection strategy for a reasonable expenditure is to have the people dispersed into rural areas in fallout shelters prior to the attack. This is true regardless of the size and kind of Soviet attack. The bottom line is that we can save large numbers of Americans for relatively few dollars by arranging to have the people dispersed in fallout shelters in rural areas prior to the attack. The process of relocating the urban population to the rural areas, sustaining them, and building fallout shelters is a large and complex problem, but it can be done. The potential resultant savings of American lives makes it worthwhile to do this planning and preparation.

SELECTIVE SERVICE SYSTEM

STATEMENT OF THOMAS K. TURNAGE, DIRECTOR

ACCOMPANIED BY ARNOLD BRODSKY, FINANCIAL DIRECTOR

DRAFT REGISTRATION BACKGROUND

Senator GARN. On January 23, 1980, former President Carter called for the resumption of draft registration. This effort began in 1980 with a catchup registration for 18 and 19 year olds. At the same time, the Selective Service began upgrading its automated data processing capabilities including the establishmentof a joint computer center with the Military Enlistment Processing Command. On January 27, 1982, President Reagan reaffirmed the need for continuous registration. On January 20, Selective Service announced a grace period through February 28, 1982, for those who had not yet registered.

Men are now required to register within 30 days of their 18th birthday. Approximately 7.8 million men have registered to date. As of March 23, 1982, it is estimated that 550,000 men have failed to register.

By the end of fiscal year 1982, most of the revitalization of the Selective Service System will be completed, and by 1986 your files will reach a steady-state of 16 million registrants.

BUDGET REQUEST

For fiscal year 1983, you are requesting $23,386,000. In addition, you are requesting a fiscal year 1982 supplemental of $1,367,000.

If you would summarize your statement, we will begin the questioning.

Mr. TURNAGE. At the outset I would like to introduce Mr. Arnold Brodsky, the Financial Director who will assist me.

GENERAL STATEMENT

Mr. Chairman, members of the committee, I am delighted to appear here today to discuss the status of registration and the revitalization of the Selective Service System and the system's mobilization capability.

REGISTRATION

I am pleased to report that since registration was reinstituted in July 1980, 7.8 million men have registered with Selective Service. Compliance for the 1960–62 year of birth groups is over 94 percent and continues to increase as late registrations are added to the file.

The initial rate of compliance for the 1963 year group was 69 percent in June 1981. Preliminary analysis suggested that a lack of awareness of the requirement to register contributed to this low figure. During the summer of 1981, Selective Service initiated a number of actions to in-

crease registration performance. These included using Selective Service Reserve and National Guard officers to publicize registration at the local level and sending 1.2 million postcards to selected potential registrants as part of an expanded awareness campaign. This effort was made in conjunction with our public service announcements. Once these actions were undertaken, registrations increased quite significantly. Compliance was at 77 percent by September.

The number of registrations declined in the remainder of 1981 leading us to believe that the uncertainty about the future of registration and an absence of enforcement were also having an impact on compliance. You may recall that there was a great deal of publicity during this period suggesting that the registration requirement would be terminated. The Justice Department also announced a suspension of legal actions relating to nonregistration pending a final determination on the continuation of the requirement. Compliance as of the end of December dropped to 71 percent.

As you are aware, President Reagan, on January 7, announced his decision to continue registration, and the Justice Department has indicated it will continue with its enforcement program. Since this announcement, compliance for the 1963 year of birth group has gone from 71 percent at the end of December to 90 percent as of March 23. We are very pleased with this tremendous response and we are optimistic that this trend will continue now that the uncertainty is over.

Our agency is capitalizing on the focus of current attention to the registration requirement by conducting an intensive public awareness campaign designed to inform young men of their lawful obligation and the consequences of failing to do so. Continuing promotional activities are also being prepared to keep this information in the public eye as the critical effects of the President's announcement wane.

I believe that this ongoing increased publicity effort, coupled with the President's commitment to the continuation of registration and an effective enforcement program, will restore compliance to levels roughly comparable to those obtained in other periods.

FISCAL YEAR 1982 SUPPLEMENTAL APPROPRIATION

To support the public affairs campaign as well as increasing automated data processing needs, Selective Service is requesting a fiscal year 1982 supplemental appropriation of $1,367,000.

NONCOMPLIANCE

While our evaluation thus far leads us to believe that the most common reason for noncompliance with the registration requirement of the law is a lack of knowledge and awareness, there are, of course, some nonregistrants who are well aware of their obligation to register.

President Reagan, in his statement announcing his decision to continue registration, provided a grace period for young men who were required to have registered before January 8, 1982, but who failed to do so. This period extended through February 28.

After identifying the names of those persons who registered during the grace period, Selective Service will carry out a program of full compliance with the registration law. We are developing procedures for matching our computerized records of registrants with those of the Social Security Administration. Eligible men not in our files will be identified as nonregistrants. The utilization of additional lists for identification purposes, such as driver's license lists and high school graduation rosters, is under consideration as well. Once these nonregistrants are identified, the Department of Justice, in coordination with the Selective Service System, will initiate appropriate enforcement action. This policy was reiterated by the Attorney General in a February 17 question-and-answer session with NBC News. This will include action against persons whose names were referred by Selective Service to the Department of Justice for possible criminal prosecution prior to January 8, in the event those persons failed to register during the grace period.

REVITALIZATION

Although registration and effective data management of induction processing enhance the System's capability to provide manpower to the Department of Defense on a rapid basis, the fairness and integrity of that system cannot be maintained without first protecting all registrants' rights to due process. We are continuing revitilization activities that will insure that each individual has access to a speedy, fair, and impartial claims process. Much has been accomplished toward meeting that goal since my predecessor's last appearance before your committee.

An administrative law system and implementing procedures have been developed which meet current standards of due process.

Over 10,000 volunteers have been recruited and selected to serve on 2,112 standby local boards. These individuals for the first time in history, will be trained in Selective Service rules and procedures to enable the uniform adjudication of registrant claims.

The development of a standby alternative service program has been initiated to place conscientious objectors in civilian work.

A joint computer center was opened in conjunction with the Military Enlistment Processing Command in August 1981. To support the Joint Computer Center, a Selective Service data management center opened in September, replacing a contractor facility previously responsible for registrant processing. With the opening of these computer centers, Selective Service has the internal computer capability necessary to support continuous registration and mobilization induction processing.

FISCAL YEAR 1983 APPROPRIATION

During fiscal year 1983, Selective Service will be continuing its registration and revitalization activities. An appropriation of $3,386,000 above the fiscal year 1982 operating level has been requested to cover increased operational costs involved in an expanded data base as a result of registration increasing as well as rising costs in general. Funds will be allocated for the continuation training of local board members and for testing the field reconstitution capability.

Our public information program will be expanded as well during fiscal year 1983. Two major public service announcement campaigns will be developed for a 2-week media blitz in January 1983 and July 1983. Mailings will also be sent to high school principals and high school and college newspaper editors reminding them of the need to register. Preliminary analysis of registration data has identified areas with low compliance rates, primarily in large metropolitan areas. Special radio spots directed at inner-city youth and radio spots in the Spanish language will be produced to target these areas. In addition, a program designed to reach high school dropouts will be undertaken utilizing both Federal and local government agencies and private organizations.

CONCLUSION

While constant updating and modification of revitalization procedures will always be necessary, I am pleased to announce that the last step in the revitalization process, the development of an alternative service program, with automated data processing support of that program, will be finalized in fiscal year 1983. This will provide Selective Service with a completed registration, induction, claims processing, and alternative service capability.

Mr. Chairman, members of the committee, we at the Selective Service are proud of the accomplishments of the System in the 2 years since the decision was made to revitalize the agency. Much remains to be done, however. We thank you and the members of the committee for your support in that undertaking.

That concludes my statement, sir, and I welcome any questions you may have.

Senator GARN. Thank you.

FISCAL YEARS 1981 AND 1982 PUBLIC INFORMATION COSTS

In addition to your fiscal year 1983 request, you are also asking for $1,367,000 as a fiscal year 1982 supplemental. Your budget justification states that these funds would allow the continuation and completion of revitalization activities begun in 1980 following the resumption of registration. One of the items you are requesting is $400,000 to conduct a series of professionally developed media announcements informing men of the reqistration requirements.

How much did you spend for media announcements in fiscal year 1981?

Mr. TURNAGE. We spent $330,000.

Senator GARN. Why did you not include funds for this purpose in your fiscal year 1982 request?

Mr. BRODSKY. The funds were not requested in fiscal year 1982 because we thought it would be unncessary for an ongoing program. We had a wide public information campaign in the fiscal year 1980 supplemental and in fiscal year 1981. In fiscal year 1982 there were no funds requested.

Senator GARN. On page 21 of your budget justification you list six media programs that you intend to undertake during fiscal year 1982.

Could you please provide for the record the amount of funding associated with each of these programs?

Mr. TURNAGE. Yes, we will be happy to.

[The information follows:]

Public service announcement campaign	$200,000
Letters and camera-ready copy to high schools	10,000
Letters and ads to college newspapers; letters and booth copy to college radio stations	5,000
Direct mailing of postcards to men born in 1964	130,000
Radio spot campaign for inner-city youth	35,000
Program for high school dropouts	20,000
Total	400,000

PUBLIC INFORMATION CAMPAIGN

Senator GARN. Your budget justification states that a successful public information program is the key element in maximizing registration compliance. You further state that only through a professionally developed and conducted media campaign will it be possible to inculcate into the conscienceness of young men their legal obligation to register on a timely basis.

By this, I assume you mean that we need to tell people that they are legally required to register?

Mr. TURNAGE. Yes, sir.

Senator GARN. What professional services do you need in order to so inform the public?

Mr. TURNAGE. Mr. Chairman, we have a very small staff in our organizational structure which is incapable of performing the kind of program we need. What we are seeking is a professionally conducted public service program to include public service announcements for television stations and for radio stations throughout the Nation, for handout material for high schools and colleges and newspapers, and to all other types of information dissemination to give us the broadest type of exposure. We find that in the 19 major metropolitan areas where we have noted a low compliance rate, we need a special effort; for example, advertisements in the Spanish language for those people who may not be aware of the requirement.

Senator GARN. How much have you budgeted for these professional services?

Mr. TURNAGE. In the supplemental, $400,000 is included for that, sir; for fiscal year 1983 it is $650,000.

Senator GARN. You also note that part of the program will be dedicated specifically to localities with historically low compliance rates.

Specifically what types of localities have had historically low compliance rates and what type of campaign would you expect to conduct in those areas?

Mr. TURNAGE. We find the inner cities have low compliance rates and will be targeted for this type of special effort. In some areas, announcements will be delivered in the Spanish language; specifically in Los Angeles, New York, and Miami. We are also trying to direct some of our efforts toward high school dropouts.

Second, the money we are using is to develop the program materials. We get a vast amount of support from the media in the form of public service announcements which are free.

COMPLIANCE WITH THE REGISTRATION REQUIREMENT

Senator GARN. Last year you sent us a letter, in response to the Senate Appropriations Subcommittee on HUD-Independent Agencies fiscal year 1981 committee report, on your plan to locate and prosecute nonregistrants from the 1980 draft registration exercise. You stated, "The magnitude of the compliance problem is small." You based this on the fact that you had achieved 95-percent compliance as of December 31, 1980. However, currently the number of nonregistrants is now estimated to be 535,000.

One of the suggestions contained in that letter was that the best means of encouraging people to comply was to develop an aggressive program of identification of nonregistrants.

What mechanisms are you now suggesting in order to develop an effective identification system?

Mr. TURNAGE. In December of last year, we were given authority to utilize Social Security Administration files to do a computer match to help us identify suspected nonregistrants. In addition, we have the authority to go to the Internal Revenue Service to ask them for addresses of those people who we do identify as possible nonregistrants.

Then we can match the list of suspected violators against Defense Department lists of people in the service. We will end up with a residual list of suspected violators and we will communicate with those individuals directly.

Heretofore, we had no active compliance program per se. When we had names of suspected violators provided to us by neighbors or "friends," we sent a letter to these individuals pointing out the penalty for failure to register. We got over 50 percent of those persons to register as a result of that letter. We are confident that by identifying the individuals who failed to register and making it known to them that we know who they are, we are going to get a substantial additional increase in compliance.

COST OF ENFORCEMENT

Senator GARN. In your letter last year, you noted that the cost of an active enforcement program was not included in the fiscal year 1982 budget. However, you estimated the cost of the program to be $1,070,000 in fiscal year 1981 and $430,000 in fiscal year 1982. You also indicated that in both years the Selective Service System would need an additional staff of seven individuals to pursue the enforcement program.

Last year you testified that the costs for your enforcement program in fiscal year 1983 would be the same as those experienced in fiscal year 1982 adjusted for inflation. Is this still the case?

Mr. TURNAGE. We have some minor adjustment to that figure, Mr. Chairman. We now have scrubbed it in greater detail and feel that slightly less than $1 million would be necessary for the first year startup costs. In subsequent years, the cost would be something on the order of $650,000.

A great part of that cost is postage. We pay the same price as everyone else.

Senator GARN. Since you are not now requesting any funds for this program, how do you intend to proceed during fiscal year 1983?

Mr. TURNAGE. We had no assurance of what the President's decision would be regarding the continuation of registration, so no funds are included in the current fiscal year budget request. After the decision was made to continue registration, we went to administration officials and asked for their support in trying to implement the compliance program. We did secure their support.

Additionally, Social Security Administration and the Internal Revenue Service will help us with the minimum outlay necessary to get the program on the way.

Senator GARN. What is your estimate of the cost of an ongoing enforcement program?

Mr. TURNAGE. About $650,000 a year, sir.

CLASSIFICATION INFORMATION BOOKLET

Senator GARN. The Selective Service has developed a classification information booklet to be used by registrants who wish to file claims for postponement, deferment, or exemption. It is my understanding that these booklets, which will be available to registrants immediately after mobilization, have been written, printed, and distributed to the U.S. Postal Service.

How much time was required to print these booklets?

Mr. TURNAGE. Overall, it took a period of about 8 months for the development and the printing of those booklets. They are now located with the Postal Service in the Chicago area. We understand that it would take us about 2 days to have those booklets delivered to major Postal Service offices throughout the country, with the exception of Guam, Puerto Rico, and Alaska.

Senator GARN. May I send my letter with the booklet and see if I can get it delivered in 2 days. I recently received a letter which took 7 days to arrive from Salt Lake City.

How much money has been spent on the printing of these booklets to date?

Mr. TURNAGE. Can we provide that information for the record, sir?

Senator GARN. Yes, certainly.

[The information follows:]

The printing cost of 890,000 classification information booklets was $59,117.

UPDATING OF CLASSIFICATION INFORMATION BOOKLET

Senator GARN. When would you estimate that these booklets would need to be updated and reprinted?

Mr. TURNAGE. The booklets were designed and formulated in such a manner that we are hopeful that they will not require reprinting. What we do need, however, Mr. Chairman, is to have these booklets in place so in the event of a national emergency they can be made immediately available to individuals who would be getting telegrams to report for in-

duction in as short a period as 3 days. They then could be advised of their rights and what actions would be available to them in the event they had individual problems.

REGISTRANT INFORMATION MANAGEMENT SYSTEM

Senator GARN. Another manual entitled, "The Registrant Information Management System," contains procedures implementing the Selective Service regulations. These procedures are an important part of the registration process since they list the items of proof and procedural steps necessary before deferment, exemption, or postponement can be granted or denied.

Have these manuals been printed?

Mr. TURNAGE. No, sir; the manuals themselves have not been completed. Certain chapters have been published and distributed in the field for use in training board members. We expect the manuals will be completed sometime later this year or in the early part of fiscal year 1983.

Senator GARN. Does each one of the local board members currently have a copy of this manual?

Mr. TURNAGE. No; not of the entire manual, just specific chapters relating to the adjudication process.

Senator GARN. Do you know what the printing costs will be?

Mr. TURNAGE. No specific cost has been attributed to the entire manual, because it is not completed. In the current budget, about $10,000 is allocated for the manual.

REQUEST FOR CHANGE IN RESTRICTED LANGUAGE

Senator GARN. You are requesting that a proviso contained in the fiscal year 1982 appropriations language, which would limit your obligations to $1 million per month in the event that registration was suspended, be deleted from the fiscal year 1983 bill.

You state in your justification that you are proposing that this limitation be removed because it is too restrictive to carry out the agency's missions.

Why do you consider this language too restrictive since it does not go into effect unless continuous registration is suspended—in the current situation it has no effect on your mission?.

Mr. TURNAGE. The operational structure of the system cannot be divided up for a month at a time. For example, we have 715 reserve officers who receive their field training in the summertime. They are paid allowances for that service. They are paid over 2 or 3 months. The balance of the year we have no such requirement.

Senator GARN. We appreciate, gentlemen, your being here today and listening to the previous discussion on FEMA. In the past, FEMA has not normally attracted such great attention. In fact, most people have never even heard of FEMA.

SUBMITTED QUESTIONS

The remainder of my questions and questions from Senator Huddleston I will submit to you for response in the record.

[The following questions were not asked at the hearing but were submitted for response for the record:]

14-067 O - 83 - 33

Questions Submitted by Senator Garn

AUTOMATED DATA PROCESSING

Question: This year you are requesting nine new positions and $189,000 to keep pace with the expanded data base. Your budget justification indicates that these individuals will be used mainly for the editing and keying of registration forms, including the correction of errors found in the registration process.

Currently many Federal Agencies, including several under the jurisdiction of this Subcommittee, contract for such services through private firms.

Has the Selective Service done a cost benefit analysis to determine the merits of contracting out versus performing these functions in-house?

Answer: The Selective Service Data Management Center was always scheduled to be an in-house activity. However, due to the time constraints of the first mass registration, all data management functions were performed on a contractual basis. Prior to moving these activities in-house, a cost analysis was completed which indicated that savings in excess of one-half million dollars could be realized through in-house performance versus contractor performance.

Since moving this function in-house, we have experienced significant increases in productivity and control in addition to saving over $500,000 per year.

Question: Could you please submit for the record the cost studies you have performed on this issue?

2-3-81

SELECTIVE SERVICE SYSTEM
DATA MANAGEMENT CENTER
COMPARATIVE COST OF IN-HOUSE VS. CONTRACTING OUT

January 31, 1981

IN-HOUSE		
Direct Labor	$1,301,680	
Fringe Benefits (26%)	338,436	
Operations Overhead	134,500	
Other Direct Costs	186,000	
Imputed Cost of Capital	87,500	
Total In-House Cost		$2,048,116
CONTRACTING		
Labor	$2,005,300	
Material	458,000	
Contract Administration (4%)	98,532	
Government Furnished Property	24,000	
Imputed Cost of Capital on GFP	12,000	
Federal Income Tax	(25,850)	
Total Contract Cost		$2,571,982
Savings From In-House		523,866
Minimum Savings Required by A-76 For In-House Performance		314,530

IN-HOUSE

2-3-81

SAVINGS SCHEDULE

Government cost of personnel and equipment must be less than the sum of 10% of personnel costs and 25% of equipment costs of contracting out.

CONTRACTING OUT COST		FACTOR	
Personnel -	$2,005,300	.10	$200,530
Equipment -	458,000	.25	114,000
Total Savings Per Year (Minimum)			$314,530

2-3-81

IN-HOUSE

PERSONNEL

GRADE	QUANTITY	SALARY	TOTAL
GS-15	1	$44,547	$ 44,547
GS-14	1	37,871	37,871
GS-13	2	32,048	64,096
GS-12	2	26,951	53,902
GS-11	4	22,486	89,944
GS- 9	2	18,585	37,170
GS- 7	10	15,193	151,930
GS- 6	3	13,672	41,016
GS- 5	19	12,266	233,054
GS- 4	50	10,963	548,150
TOTAL	94		$1,301,680

2-3-81

OPERATION MANAGER'S OFFICE - 4

POSITION	GRADE	QUANTITY
Manager	15	1
Analyst	13	1
Secretary	6	1
Receptionist/Typist	5	1

2-3-81

COMPUTER SUPPORT - 9

POSITION	GRADE	QUANTITY
Manager	14	1
Production Analyst/Security	13	1
Production Coordinator	12	2
Tape Librarian	7	2
OCR/Computer Operator	11	1
Correction Clerk	5	2

2-3-81

MAIL LOGISTICS - 14

POSITION	GRADE	QUANTITY
ML Manager	11	1
Data Prep. Supervisor	7	1
Data Prep. Clerks	4	6
Mail Supervisor	9	1
Mailing Equipment Operators	9	1
Mail Clerks	4	4

2-3-81

ERROR CORRECTION - 23

POSITION	GRADE	QUANTITY
Error Correction Supervisor	11	1
Research Supervisor	7	4
Research Clerks	5	16
Correspondence Clerks	6	2

2-3-81

DATA ENTRY - 44

POSITION	GRADE	QUANTITY
Data Entry Supervisor	11	1
Area Supervisor	7	3
Keying Clerks	4	40

2-3-81

IN-HOUSE COSTS

OPERATION OVERHEAD	TOTAL COST	DEPRECIABLE LIFE	ANNUAL COST
Site Preparation	$295,000	10 Years	$ 29,500
Furniture	110,000	10 Years	11,000
Data Entry Equipment	350,000	5 Years	70,000
Mailing Equipment	120,000	5 Years	24,000
DIRECT COSTS			
Base Maintenance	N/A	N/A	118,000
Supplies & Telephone	N/A	N/A	68,000
TOTAL IN-HOUSE COSTS			$320,500

IMPUTED COST OF CAPITAL

FY82	$87,500
FY83	74,000
FY84	60,600
FY85	47,150
FY86	33,700

2-3-81

COST OF CAPITAL SCHEDULE

	1	2	3	4	5	6	7	8	9	10
Site Preparation	$29,500	$26,500	$23,600	$20,650	$17,700	$14,750	$11,800	$ 8,850	$5,900	$2,950
Furniture	11,000	9,900	8,800	7,700	6,600	5,500	4,400	3,300	2,200	1,100
Data Entry	35,000	28,000	21,000	14,000	7,000					
Mailing Equipment	12,000	9,600	7,200	4,800	2,400					
TOTAL	$87,500	$74,000	$60,600	$47,150	$33,700	$20,250	$16,200	$12,150	$8,100	$4,050

CONTRACTING OUT

2-3-81

ANNUAL CONTRACT COSTS

Office Space	
Current	$ 109,000
FY82 Requirement	45,000
Equipment Expense	
Current	145,000
FY82 Requirement	18,000
Telephone	76,000
Supplies & Maintenance	65,000
Sub	458,000
Personnel	2,005,300
TOTAL	$2,463,300

2-3-81

OPERATION MANAGER'S OFFICE - 4

POSITION	GRADE	PERSON HOURS PER YEAR	CONTRACT SALARY	TOTAL COST
Manager	15	2,080	$33.65	$ 69,992
Analyst	13	2,080	23.00	47,840
Secretary	6	2,080	8.00	16,640
Receptionist/Typist	5	2,080	8.00	16,640
TOTAL				$151,112

COMPUTER SUPPORT - 9

POSITION	GRADE	PERSON HOURS PER YEAR	CONTRACT SALARY	TOTAL COST
Manager	14	2,080	$50.00	$104,000
Production Analyst/Security	13	2,080	45.00	93,600
Production Coordinator	12	4,160	40.00	166,400
Tape Librarian	7	4,160	11.00	45,760
OCR/Computer Operator	11	2,080	25.00	52,000
Correction Clerk	5	4,160	7.50	31,200
TOTAL				$492,960

MAIL LOGISTICS - 14

POSITION	GRADE	PERSON HOURS PER YEAR	CONTRACT SALARY	TOTAL COST
ML Manager	11	2,080	$17.40	$ 36,192
Data Prep Supervisor	7	2,080	8.50	17,680
Data Prep Clerks	4	12,480	6.90	86,112
Mail Supervisor	9	2,080	12.00	24,960
Mailing Equipment Operators	9	2,080	12.85	26,728
Mail Clerks	4	8,320	6.90	57,408
TOTAL				$249,260

2-3-81

ERROR CORRECTION - 23

POSITION	GRADE	PERSON HOURS PER YEAR	CONTRACT SALARY	TOTAL COST
Error Correction Supervisor	11	2,080	$25.70	$ 53,456
Research Supervisor	7	8,320	10.75	89,440
Research Clerks	5	33,280	7.25	241,280
Correspondence Clerks	6	4,160	8.00	33,280
TOTAL				$417,456

DATA ENTRY - 44

POSITION	GRADE	PERSON HOURS PER YEAR	CONTRACT SALARY	TOTAL COST
Data Entry Supervisor	11	2,080	$19.90	$ 41,392
Area Superviosr	7	6,240	8.00	49,920
Keying Clerks	4	83,200	7.25	603,200
TOTAL				$694,512

Question: You are requesting $40,000 to fund an independent study of the quality of the information in your data base. You state that such an independent validation would enable the Selective Service to maintain credibility.

Why is an independent study required when GAO published a report of their review of the operation of the Selective Service System on December 19, 1980, including the accuracy of the computer files?

Answer: The GAO report is more than 15 months old, and covered only the registration conducted in July 1980 of 3.3 million names. Since then, our registrant files have increased to more than 7.8 million names, and we have replaced our contractor supported data input operation with our own Data Management Center. There has not been an independent check of this processing system or the expanded file. We believe it reasonable to make a check of the data in our files on an annual basis. The registrant file is of utmost importance in mobilization preparedness. We need to be sure that it is a "good" file. We cannot simply assume that GAO will provide this service through occasional validation studies.

SPEED OF MOBILIZATION

Question: Current DoD requirements call for the first inductee 13 days after a state of mobilization is declared. The requirements also call for 100,000 inductees by 30 days after mobilization, and 650,000 inductees at the end of six months.

Without the current peacetime registration system, how long do you believe it would take to meet each of these goals?

Answer: Peacetime registration saves six to seven weeks if the nation must implement a mobilization. We believe that without peacetime registration, we will be unable to begin delivery of inductees until 58 days after a state of mobilization is declared. This assumes that a mass registration would be held immediately following the declaration of a mobilization. The estimate is based upon modified procedures and is less time than was actually experienced in the July 1980 mass registration. Likewise, the 100,000 inductee goal would slip to approximately 77 days after mobilization, and the 650,000 figure would not be reached until about seven and one half months after mobilization. The DoD requirements are based upon manpower needs at the most critical point about 120 days into the mobilization, when newly trained soldiers would be needed to replace combat casualties. Availabilty of manpower, therefore, must consider both the induction date and time to train. Peacetime registration is the only way we can be certain that sufficient manpower will be available when required.

LOCAL BOARD MEMBERS

Question: On page 9 of your budget justification, you indicate that 10,160 individuals have been appointed as Local Board Members for Selective Service. This is slightly short of your goal of 10,600.

Do you currently now have a full complement of Local Board Members?

If not, when will the remaining board members be selected?

Answer: At the current time we have appointed members to all boards throughout the country. However, as expected, there has been some turnover among board members. As of March 24, 1982, there were 10,437 board members in place out of a total 10,560 required to staff the 2,112 boards of Selective Service. The remaining 1% represent normal changes in board membership due to resignation and residence changes of board members. A statistical breakdown of the board member selection program is attached. You will note that the performance of the program was outstanding and that the racial and ethnic breakdowns of the board members actually appointed parallels very closely with that of the total population data presented by the 1980 census.

Question: You have a contract with a professional firm to identify the training needs, design and produce a nationwide instruction program for these board members. You mention in your budget justification that a pilot test of this program was conducted in Maryland and the results were impressive. In describing those results, you indicate that more than 130 Local Board Members critiqued the program and stated that it was "professionally done and exceptionally well received".

This is all very well, but did the Local Board Members learn anything?

What assessment was made of the knowledge that was conveyed during these instructional sessions?

Answer: As we stated in our budget submission, the local board members trained in our pilot tests were enthusiastic about the training they received. Furthermore, we are certain that the board members not only liked the training but that they learned a great deal from it. Our confidence springs from several different things. First, during the entire training program the board members were observed by our trainers to see how they were reacting and the types of questions being asked. These are prime indications of the effectiveness of the training. Furthermore, board members had an opportunity to apply their learning first hand in role plays throughout the training. This allowed further opportunity to actually observe the boards functioning. In addition, there were evaluations of the training program made by both the board members and the trainers and all board members completed a post-training test to identify target areas for continuation training. The results of the evaluations and tests have been evaluated and show that the material was understood by the board members. Finally on March 20, 1982, as part of Selective Service participation in Exercise Grand Payload, two randomly selected boards, one in Kentucky and one in Maryland were activated and were presented with a series of deferment requests for their decision. In both states, the boards performed exceedingly well and followed Selective Service procedures through every step to make a decision on the deferment requests. In doing so they demonstrated conclusively that the training they had received had not only been well received; it had been well absorbed.

Question: What assurance does Selective Service System have that the training will result in a standardization among Local Board Members such that a deferment in Kentucky will mean the same as a deferment in Utah?

Answer: In designing the entire system of operation for local boards, Selective Service has endeavored to ensure that there would be a great deal of standardization among the operation of the boards. The purpose of this standardization is to ensure that standards required for deferment in one

state are the same as that required in another. Some of the things that have been done in order to reach this goal have been to create certain forms related to each type of deferment which can be requested. Board members are trained in the use of these forms and the forms specifically list the criteria and areas of inquiry necessary for a decision on the requested deferment or exemption. As part of the training program, which by itself is a major step towards standardization, the board members become familiar with the use of these forms and all have had opportunities to utilize them. This use of board worksheets and summary forms also allows for better documentation of the reasons for decisions made by local boards. Thus, Selective Service has gone much further than ever before in its history to ensure that the results of request for deferment will be standardized across the country.

Question: You note that Selective Service is conducting instructor training sessions in strategically geographic locations throughout the country. In these sessions, approximately 250 Reserve Forces Officers and 20 personnel from the Regional Headquarters staff are scheduled to receive instructor training.

These instructors, then, will deliver the training program to Local Board Members across the program.

What procedures has Selective Service developed in order to assess the competency of these "trainers" — what specific quality control procedures have you implemented?

Answer: The Selective Service personnel who will serve as trainers will be monitored to ensure their competency. These monitoring activities began during the training programs where both the pre-program and post program tests were administered to the trainers to determine how well the information was being transferred. Furthermore, the trainers performing the train the trainers (TOT) sessions were instructed to carefully observe each individual to determine whether an acceptable level of competency was apparent. In addition, prior to any Selective Service trainer administering the training to board members, he or she will be required to practice his training program delivery before his peers. This will ensure that each trainer who appears before board members will have had an opportunity to present a dry run of the entire program and that the trainer's initial effort will be observed and critiqued by people who are already knowledgeable in the training program and the techniques desired. We believe that this will be a large step toward ensuring overall competence of the training corps. Furthermore, during each training session there will be evaluations prepared by the trainees as well as the trainers. Procedures have been established to monitor the evaluations, part of which relate to the performance and competence of the trainers, and this will enable us to ensure that an acceptable competence level is being maintained. Finally, several randomly selected sessions of board member training will be observed by personnel from National Headquarters and by personnel from the contractor who designed the program for Selective Service. In this way, detailed information can be obtained concerning some of the more subtle aspects of trainer competencies.

Question: Your budget justification contains a request for 3 new positions and $101,000 to carry out the on-going technical requirements associated with the Local and Appeals Board Training Program. You state that these individuals will be needed to replace the peak load contractual work force with a professional in-house staff.

Has Selective Service done a cost-benefit analysis to determine whether this replacement of contractual staff is cost effective?

Answer: The additional personnel requested for the Uncompensated Personnel Training Division are a recognition of the fact that the workload of Selective Service increases once there are an additional 11,000 personnel to be trained. Whereas the initial training effort was a much higher peak, there is a lower level, long-term commitment to monitor and maintain the materials, skills and competencies of the board members. The decision as to whether this work should be performed by contractural personnel or Selective Service personnel is reasonably straight forward. The work to be done is ongoing and long term and of a services type nature. Thus, it is appropriate for full time permanent staff to be assigned to this effort. To use contractural personnel over an extended period of time, could be seen as merely an attempt to avoid lower personnel ceilings. The cost effectiveness of use of permanent staff is clear. During the remainder of FY 82, the amount of continuation training preparation is less than it will be during FY 83. This is because most board members have not yet received their initial training. Still, there are needs analysis and developmental work that must be done to prepare for continuation training program initiation in FY 83. To perform this FY 82 effort, the training design contractor is providing a level of effort of approximately one and one half staff members for the third and fourth quarters of FY 82. This effort is costing about $50,000. With permanent staff the higher amount of work caused by a fully functioning continuation training program will utilize fully three persons at a cost of about $100,000 per year. This is 50% less expensive than the contract rate. A detailed description of the duties to be performed by the three persons is attached.

Question: You indicate that the work performed by these new Selective Service employees will consist of needs assessment, program development and evaluation.

Could you please provide for the record the job descriptions associated with the 3 positions that you intend to fill and how they relate to the functions identified in your budget justification?

Answer: **Tasks to be Performed by Additional Professional and Clerical Staff Requested in FY 1983**

In order to maintain a quality training effort for Selective Service board members, professional and clerical staff is needed to adequately perform training related tasks. These tasks are associated with effectively focusing on the substance of continuation training in the years ahead. It is imperative that the Selective Service ensure that training afforded its board members is responsive to identified needs. Therefore, the primary tasks identified below must be performed to provide continuation training for board members.

Task 1: Analyze Results of Evaluations

Task 2: Interviewing Selected Regional Staff and Reserve Trainers

Task 3: Interface with National Headquarters Staff, Objective Formulation and Establishing Priorities for Training

Task 4: Dissemination of Materials Through Selected Mediums

Task 5: Implementation of the Continuation Training

Task 6: Periodic Review of Centralized Training Material

Task 7: Periodic Review of Trainer Material

Task 8: Provide Technical Assistance in the Conduct of Continuation Training

Board Member Selection Program Statistical Summary

Total Positions to be Filled		10,560
Total Applications Received		40,000
Total Eligible Applicants		28,000
Interviews Given	18,000	
Appointments Made	10,560	

Demographic Data

Sex	Applicants	Appointees
Male	79.8	79.8
Female	20.2	20.2

	Total Population	Applicants	Appointees
Black	11.7%	9.1%	11.3%
Native American	0.63%	0.66%	1.1%
Oriental	1.5%	0.64%	0.8%
Hispanic	4.4%	3.9%	5.1%

Age Distribution

Age	Applications	Appointments
18-30	10.0%	6.9%
30-35	15.0%	13.7%
35-40	14.6%	16.0%
40-45	14.2%	14.8%
45-50	15.7%	16.4%
50-55	16.5%	16.5%
55-60	13.3%	13.2%
60 +	N/A	2.5%

BOARD MEMBER TRAINING	EXERCISE	MODULE NO. 21	COMPONENT TIME: 15 MIN.
	TITLE: QUIZ/ANSWERS		BEGIN: 9:50 END: 10:05

ALL ANSWERS ARE INDEXED TO THE INDICATED CHAPTER IN PART 1 OF THE REFERENCE SECTION OF YOUR HANDBOOK.

Select the one best answer:

1. A registrant must appear before the Board for this type of claim:

   (a.) Conscientious objection
   b. Dependency hardship: extreme hardship to wife alone
   c. 90-day postponement
   d. Review of administrative classification denial

   REFERENCE: 13.2

2. In 3-A hardship cases, the registrant's dependent(s) must be:

   a. Related to the registrant on a whole-blood or half-blood basis
   b. Incapable of providing for their own financial needs
   (c.) Receiving financial support, personal care, or companionship that only the registrant can provide
   d. Physically or mentally handicapped

   REFERENCE: 12.10.3

3. The registrant's lawyer may be present at his Board hearing when the lawyer:

   a. Represents the registrant as his attorney
   b. Is a member of the bar of the state in which the Board meets
   (c.) Acts as an advisor only and does not participate in the hearing
   d. Has filed a legal brief outlining the registrant's request with the Area Office prior to the hearing date

   REFERENCE: 13.7.4.E

4. A regular minister of religion can meet the <u>parallel test</u> if he can demonstrate that he performs essentially the same rites, ceremonies, and ordinances of public worship as a duly ordained minister of religion.

   a. In addition, he must also teach and preach as a full-time bona fide vocation.
   (b.) This is not true. The parallel test is not used in 4-D claims.
   c. In addition, he must also be a leader--not a follower--in his church, sect, or organization.
   d. This is not true. He must demonstrate that he has the equivalent training and preparation for the ministry as does a duly ordained minister of religion.

   REFERENCE: 12.8.1.H

5. The registrant:

   a. May file only two (2) claims
   (b.) May appear before the Board more than once
   c. May introduce a new claim at a personal appearance if his original claim is denied
   d. May bring either an advisor or an interpreter, but if he brings both, one counts as a witness

   REFERENCE: 13.6.4; 13.7.41

6. The distinction between a 1-O claim and a 1-A-O claim centers around:

   a. Opposition to some wars but not all wars (selective objection)
   b. Combatant military training and service
   (c.) Noncombatant military training and service
   d. Opposition to spiritual war between the forces of good and evil (theocratic war)

   REFERENCE: 12.8.4.A

7. The Board may call its own witnesses to refute the testimony of either a registrant or his witnesses.

   a. In addition, the Board, like the registrant, is limited to three witnesses.
   b. In addition, the Area Office must first inform the registrant of whom the Board will call as witnesses during the registrant's personal appearance.
   (c.) This is not true. However, the Board may question the registrant and his witnesses and attempt to gauge their veracity.
   d. This is not true. The Board is only permitted to call Board-certified physicians and psychiatrists and only in 3-A dependency hardship claims.

   REFERENCE: 12.6.1

8. A conscientious objector must demonstrate that he is opposed to:

   (a.) Participation in war in any form
   b. All types of war (including theocratic)
   c. Combatant and noncombatant military training and service
   d. Use of force in defense against immediate acts of aggressive violence toward another person in the community

   REFERENCE: 12.8.6.A; 12.8.2.A; 12.8.3.A

14-067 O - 83 - 34

SELECTIVE SERVICE SYSTEM
BOARD MEMBER TRAINING

9. A registrant making a 1-O or 1-A-O claim:

a. Must have a belief in a Supreme Being or equivalent
b. Must have had a long, formal process of study, thought, and contemplation leading to crystallization
(c.) Must be able to describe the process by which his convictions crystallized
d. Must present either written statements or witnesses to substantiate his claim

REFERENCE: 12.8.7.F.2

10. The registrant's file folder:

a. Is mailed to all Board members prior to a scheduled personal appearance
(b.) Generally may not be duplicated and must stay within the supervision of the compensated employee at all times (unless the case is transferred out of the Area Office)
c. Must contain all submissions from a registrant (including written summary of testimony) within 24 hours of a personal appearance
d. Is the responsibility of the Board Chairman to maintain, update, and annotate as necessary

REFERENCE: 10.17; 10.22.3.G

11. If the registrant's beliefs "crystallized" upon receipt of his induction notice and he then filed a C.O. claim, from these actions alone the Board could reasonably conclude:

(a.) Nothing
b. Insincerity
c. Self-expediency
d. Suspicious coincidence

REFERENCE: 12.8.6.D.2.C AND F

12. If the Board is to vote on a claim, which one of the following is true?

a. The Chairman or Vice Chairman must be present.
(b.) A simple majority of the Board must be present.
c. The compensated employee must be present.
d. The registrant must be present.

REFERENCE: 13.7.1

13. Multiple claims are decided:

a. In an order determined by the registrant in submitting his claims to the Area Office
b. In ascending numerical order (1-A-O, 1-DE, 1-DL, etc.)
c. In descending numerical order (4-W, 4-T, 4-G, etc.)
(d.) From lowest to highest, as specified in the S.S.S. Procedures

REFERENCE: 10.10.1

14. Which of the following does the Board consider? (Choose two.)

a. Initial administrative claims
(b.) Initial judgmental claims
(c.) Requests for review of administrative denials
d. Requests for review of judgmental decisions that the Board made earlier

REFERENCE: 10.14.1

15. Which one of the following statements is true?

a. The Board may refer to a verbatim transcript of the hearing when deciding a claim.
(b.) The registrant may summarize and submit written versions of his witnesses' testimony.
c. If a registrant files for more than one classification, a separate file folder is created for each claim.
d. If the Board decides to postpone its decision regarding a claim supported by the registrant's personal appearance, the registrant must appear again before the Board will examine his claim further.

REFERENCE: 13.7.4.D.3; 13.7.5.K

16. If the registrant requests a 1-O classification, but fails to establish opposition to noncombatant training and service, the Board may:

a. Deny the claim
b. Ask him to return with additional witnesses or documents
(c.) Grant a 1-A-O if his claim is otherwise established
d. Approve the claim if the registrant is sincere

REFERENCE: 12.8.10.c

17. To qualify as a recognized church, religious organization, religious group, or religious sect, the church, organization, group, or sect must:

(a.) Pass a test of structural and functional requirements
b. Advocate peace and oppose war
c. Have as its focus a Supreme Being equivalent to that of traditional religions
d. Be recognized as an official religion by the state in which the Board meets

REFERENCE: 12.9.3

18. A registrant granted a 2-D divinity student classification must do the following:

a. Enter the ministry immediately upon graduation from divinity school
b. File a 4-D claim immediately upon graduation from divinity school
c. Renew his 2-D claim every 90 days until he graduates from divinity school
(d.) Maintain satisfactory academic progress if he wishes his classification to be extended

REFERENCE: 12.9.5.B

19. Which one of the following is true?

a. A duly ordained minister of religion must earn the majority of his income from his congregation.
b. A regular minister of religion must prove that he went through an authorization process comparable to ordination.
(c.) A registrant may file a 1-O and a 1-A-O claim, but would have little reason to do so.
d. An advisor can be expected to change the proceeding into an adversarial process.

REFERENCE: 10.7.1; CLASSIFICATION INFORMATION BOOKLET, CLAIM FORM (FORM 9)

20. Documentary evidence must be:

a. Official
b. Notarized
c. Authenticated
(d.) From the best source available

REFERENCE: 12.3; 12.5.3

NEXT ACTIVITY:

EXPENSE REIMBURSEMENT

MOBILIZATION OF THE FIELD STRUCTURE

Question: You have divided your field structure into four categories — Area Offices, Headquarter's support, Military Entrance Processing Station liaison and State Headquarters.

Could you please describe your FY 83 plans for each of these elements of your field structure and the amount of funds associated with the implementation of that FY 83 plan?

Answer: Personnel in each of the four groups will devote about one-half of their time to training associated with preparation for mobilization assignments. The remaining time will be devoted to projects and tasks designed to strengthen agency-wide mobilization readiness. Weekend Inactive Duty Training (IDT) and a week of Active Duty (AT) will include activities such as interviewing and training local board members, and supporting the registration awareness program. State Directors will be given a stronger management role in the field structure to parallel their mobilization responsibilities. All four groups will receive orientation and training on the Alternative Service program.

$4.7 million is directly provided for these Reserve Forces activities plus a minimal amount of operational support and expenses needed for state director participation as required.

Question: You are requesting an additional 13 Reserve Forces Officers and $78,000 to provide a liaison officer at 13 of the 67 Military Entrance Processing Stations. How did you select 13 stations for the assignment of these officers?

Answer: Selective Service personnel are assigned to each Military Entrance Processing Station (MEPS) to solve problems for inductees and handle unusual cases. The MEPS process inductees in two shifts daily. The Selective Service proposes to add officers to the 13 largest MEPS processing over 400 inductees daily so that individuals with problems who are processed during the second shift can be handled immediately and not held over night. Allowing a backlog of problem cases to grow could delay induction processing and cause Training Base vacancies to go unfilled.

Question: Why can't you use existing military personnel at those processing stations to perform this liaison function?

Answer: MEPS requires that a Selective Service representative be present when inductees are being processed. The Selective Service Liaison Officer will handle procedural problems caused during induction processing. The existing military personnel assigned to these stations are Department of Defense, not Selective Service personnel. They would have neither the time nor the training to resolve Selective Service problems during a mobilization.

Question: The Selective Service currently has 715 Reserve and National Guard Officers assigned to it, why can't some of these officers serve in this liaison capacity?

Answer: The requirement for additional personnel to assure a smooth induction flow at the largest MEPS is vital and must be satisfied, however, each of the 715 Reservists already has a specific mobilization assignment

which would be critical to a successful mobilization. We cannot afford to reallocate any of these officers from their current assignment to cover this additional need.

Question: During FY 83 you intend to conduct an interagency mobilization exercise in order to test the entire range of emergency induction plans and procedures.

How do you envision this test being conducted?

Answer: The FY 83 exercise will evaluate our plans and procedures to select and call for induction, process claims for deferment or exemption, and interface with the Military Enlistment Processing Command (MEPCOM). We will issue mailgram induction orders and travel warrants. Selected area offices and their associated local boards will be activated to process and adjudicate simulated claims for postponement, deferment or exemption. The communications network will be tested through the submission of claims information from the area offices and induction processing information from MEPCOM.

Since Exercise Proud Spirit was conducted in 1980, plans have been refined, additional policies established, procedures modified and systems developed to correct problems which arose during the exercise. The emergency induction procedures are highly automated. Only upon mobilization will they be used in other than a test environment. These exercises are necessary as the only means by which to ensure that the system will work when and if required.

Question: What are the expected costs of this test?

Answer: Selective Service has budgeted $75,000 for exercises during FY 83 to provide resources for planning and evaluation; to test the mailgram induction order and emergency travel warrant; and to provide resources for travel of standby local board members and participating members of the Selective Service Reserve Force.

Question: You state in your justification that you are committed to reducing the amount of on-the-job training which will be required in a post-mobilization environment. This gets back to an issue I raised earlier concerning the standardization of local board member training.

What are you doing to assure that you will, in fact, minimize the amount of "post-mobilization training requirements"?

Answer: The emphasis in training for our board members, reservists and other mobilization augmentees is to insure that they are sufficiently trained prior to mobilization so that they will require minimal supervision or on-the-job training after a mobilization occurs. We construct comprehensive training programs which use study and work sessions to cover all aspects of post-mobilization operation and role playing techniques to solve any conceivable problems which may be encountered. This training is further enhanced by participation in mobilization exercises where the trainees are required to use the skills they have learned in a real-time environment.

COMMUNICATIONS, UTILITIES AND OTHER RENTS

Question: In FY 81, the actual amount utilized for communications,

utilities and other rent was $1,284,000. In FY 82, you estimate this will be $2,085,000. Your request for FY 83 is $2,990,000.

Could you please explain why you have experienced such large increases in this object classification?

Answer: The FY 82 increase is due ADP equipment rental and communication lines, space rental and training equipment rental for Local Board Member training sessions, as well as postage for the increased number of changes to the data base.

The FY 83 increase is wholly for postage to cover the public affairs mailings, validating the changes to the growing data base, the postage rate increase and the verification letters that will be sent to two year of birth groups instead of one.

FY 82 SUPPLEMENTAL - VALIDATING THE DATA BASE

Question: As part of your FY 82 supplemental, you are requesting an additional $420,000 for the printing and postage cost associated with expanding the verification letter program. The verification letter is sent to registrants who have submitted no change to their record within the preceding 12 months. The letter is intended to assure that the Selective Service file has each registrant's current address. Your justification indicates that 13% of the registrants receiving verification letters submitted changes to their records.

In the future, do you intend to send verification letters to all of the registrants on file that have not submitted a change within the last 12 months?

And if so, what is the total annual cost estimated for this activity when your files would contain 16,000,000 registrants?

Answer: As registrants move from one registration year group category to other categories (under-prime year, prime year, and over-prime year), it is planned to communicate with them periodically, with a verification letter, to ensure that the information in their records is accurate.

Those in the under-prime category (males 19 years of age), and those in the prime category (males 20 years of age), would be sent verification letters each year until they reach the over-prime category (21 years of age and older).

Within the year groups scheduled for verification letters, letters will be sent only to those registrants who have not submitted a change within the prior 12 months.

Using this plan, three year groups is the maximum number of year groups that will be scheduled to receive verification letters in a year. We will reach this point in 1984. The estimated cost, based on current mailing and printing costs, is $1,320,000.

FY 82 SUPPLEMENTAL - USPS COSTS

Question: You are requesting an additional $153,000 to reimburse the Postal Service for increased registration workload. Your budget

justification indicates that funds for this purpose were re-adjusted early in FY 82 based on an expected compliance rate of about 80%. Your request for these additional funds is now based on an expected compliance rate of 98%.

Why did you make the assumption in FY 82 that compliance would only be 80% and what did you do with the funds that were reprogrammed from the Postal Service Reimbursement Account?

Answer: At the beginning of fiscal year 1982, compliance for the 1981 registration group, men born in 1963, was running at about 77%. Therefore, an adjustment was made in the number of expected registrations from 1.9 million to 1.6 million and reimbursement funds were reduced accordingly. These funds were not reprogrammed. They were cut when the fiscal year 1982 appropriation was reduced from $20.0 million to 18.6 million.

The $153,000 requested will provide funds to cover 300,000 additional registrations and bring the expected total back up to 1.9 million registrations for the year. Receipts as of March 21, 1982, indicate that we have received 1,391,000 forms since the beginning of fiscal year 1982. Over one million of these registrations were received since January 1st. With six months remaining in the fiscal year it appears we will exceed our initial estimate of 1.9 million registrations.

Question: Based on your current date, what is the percent of compliance now?

Answer: As of March 23, 1982, compliance for the 1960-63 year groups is 93%. The 1964 year groups is running over 100%, indicating that young men are registering early.

Question: Based on this date, what do you project it to be by the end of FY 82?

Answer: We project compliance for the 1960-63 year group to reach 95%-98% by the end of fiscal year 1982.

COST OF CONSCRIPTION

Question: Last year the Committee staff asked you to prepare a rough estimate of the potential costs involved in re-instituting the draft given certain assumptions. The assumptions included the following:

- o Approximately 100,000 men will be drafted each year;
- o Approximately 10% of those classified are to receive CO status;
- o Women would not be registered.

Under those assumptions, the total Selective Service System costs were estimated to be in the neighborhood of $93 million. You also estimated that additional examination costs for the Department of Defense could be around $38 million.

Could you please provide for the record an updated version of this estimate including a detailed breakdown of the various line items and costs involved?

Answer: We have not done a detailed analysis of the costs of peacetime conscription. The following are rough planning figures only and generally include only a 5% increase for inflation.

Personnel Compensation and Benefits		49.0 million
Operating Costs as Follows:		23.4 million
Agency Travel & Transportation	2.4	
Office Rent	6.3	
Communications, Utilities and Other Rent	4.1	
Printing	2.1	
Other Services (Incl. ADP)	7.2	
Supplies & Equipment	1.3	
Registrant travel to MEPS & Alternative Service		7.5 million
One-time start-up costs as follows:		21.0 million
Terminals & programming for field offices	5.6	
Development of Alternative Service ADP system	2.1	
Furniture, equipment, communications, supplies, etc. for new employees and offices	11.3	
CPU upgrade	2.0	
TOTAL SSS		$100.9 million

We do not have a new estimate of additional DoD costs.

ALTERNATIVE SERVICE PROGRAM

Question: Under the Military Selective Act, the Director of Selective Service is charged with the responsiblility of placing conscientious objectors in civilian work related to the national health, safety or interest. The program consists of three major components and I would like you to discuss the status of each of these:

1. The identification of employers and jobs appropriate for Alternative Service?

Answer: The identification of employers for Alternative Service is based on knowledge of organizations and associations representing activities that lend themselves to service in national health, safety or interest. These are distributed, generally into four categories:

- o Health care service
- o Educational activities
- o Community and social service agencies
- o Environmental and conservation work

Preliminary staff work with parent organizations indicates there are approximately 215,000 potential jobs that would meet the criteria of eligiblility. The figure is based on vacancy rate factors in entry-level positions in the first three categories, and studies reflecting the need for manpower in conservation and environmental activities.

Question: 2. A job matching system to link conscientious objectors with specific jobs?

Answer: The prototype of a job matching system was completed and tested in October 1981. The system has in its memory a job bank which will contain criteria on current job openings. Conscientious Objectors would complete an experience and skills questionnaire, and data from this form would also be entered in the computer. The computer would match the CO's experience with the most appropriate job. The CO would then go to the employer for an interview to determine his acceptance by the employer. If it proves impossible to match CO's with what appear to be the most appropriate jobs, the computer will redefine the CO's skills in a more general way with the expectation that an employer will be found who is willing to hire the CO.

Question: 3. A tracking and monitoring system to manage the system once it is activated?

Answer: The tracking and monitoring system is scheduled as a major activity in FY 83. Currently, we are preparing Alternative Service Regulations and procedures from which the detailed automated processing requirements will be developed.

Question: When will the regulations be published for public comment for the conscientious objector program?

Answer: We expect to publish the regulations for public comment in May.

Question: You are requesting one new position and $50,000 to assist in continued development and maintenance of the employer network. What was your original request to OMB for this purpose?

Answer: The original request was the same as our request to the Congress; OMB allowed this item in full.

Question: You stated in your justification last year that most of the actual jobs in Alternative Service will be generated locally as a result of extensive contacts with private and public service organizations. How will Selective Service assure that no local abuse will occur in this system but that real national priorities are being met by these Alternative Service jobs?

Answer: Development of jobs on a local basis and placement of CO's in communities close to their own homes is the most practical approach to avoid excessive costs.

An oversight and monitoring system will aid in preventing abuse. Prior to any employer being able to participate, he will have to sign a Letter of Agreement with the Selective Service System, enumerating his responsibilities. Violations of that agreement will be subject to investigation.

In addition, there will be visits made periodically by Selective Service representatives to employment sites, where observations about compliance with regulations may be made.

Finally, the fact that all employers will be paying CO's directly means tht Selective Service could expect to hear promptly of any CO's who are failing to do the jobs to which they were assigned.

QUESTIONS SUBMITTED BY SENATOR HUDDLESTON

GRACE PERIOD REGISTRATIONS

Question: How many young men actually registered for the draft during the so-called "grace" period which ended on February 28?

Answer: 882,000 young men registered during the grace period. Approximately one half of these were late registrations. The other half were on time registrations (men born in December of 1963, or January through March of 1964).

Question: Of the total number who were to have registered by then, how many have complied, i.e., how many of all of those who were to have registered since July 1980 have done so and how many have not?

Answer: Following is a table showing registration compliance as of registration forms receipts on 3/23/82.

REGISTRATION DATA AS OF RECEIPTS ON 3/23/82

YEAR OF BIRTH	POTENTIAL REGISTRANT POPULATION	REGISTRANTS ON HAND	NON-COMPLIANTS	% OF COMPLIANCE
1960	2,025,000	1,888,000	137,000	93.2
1961	1,978,000	1,914,000	64,000	96.7
1962	2,031,000	1,892,000	139,000	93.1
1963	2,020,000	1,825,000	195,000	90.3
1964	263,000 [1/]	273,000	--	103.0 [2/]
TOTAL	8,317,000	7,792,000	535,000	93.6

1. Minimum number of registrants needed for 100% on-time compliance.

2. Indicates that individuals in the 1964 year group are registering prior to the date required.

COMPLIANCE

Question: Is there any pattern to non-registration — either geographically or according to some other characteristics?

Answer: An informal study conducted in November 1981, showed that forty of the nation's larger cities, which include about 30% of the nation's population, accounted for roughly 60% of the non-registrations. Average compliance in these forty urban areas was 58% while compliance in the rest of the country was about 85%. At the time of this study compliance, nationwide, was about 75%. Larger metropolitan areas, such as New York

City and Los Angeles, appeared to have lower registration compliance than other areas.

Question: What are the "special localities with historically low compliance rates?"

Answer: Historical data are not available by urban area. However, historical data available by state show results that are consistent with current observations.

Question: What accounts for the low rates?

Answer: We do not know the causes of low registration compliance, although a number of seemingly reasonable hypotheses have been proposed. Of course, registration compliance is now much higher, roughly 94% in April 1982, than when this issue was examined last fall. Selective Service is sponsoring a survey, that is currently underway, to assess the causes of late registration and of non-compliance among the few who still do not register as required.

PUBLIC AWARENESS

Question: How much is being spent on the public affairs campaign to inform young men of the registrant requirement?

Answer: In FY 82, $400,000 was requested for the public information program.

IDENTIFICATION OF NON-REGISTRANTS

Question: You note that you are developing procedures for matching your records with those of Social Security. What portion of non-registrants do you expect to identify by this means?

Answer: The Selective Service System expects to identify approximately 98% of the non-registrants by matching its computer list of registrants against the Social Security Administration's computer list of social security account number holders of appropriate age groups. This percentage figure is based upon SSA estimates of the number of people of registration age who have a social security account number.

USE OF NON-FEDERAL LISTS

Question: You note that utilization of drivers license lists and high school graduation rosters is under consideration. What factors will lead you to utilize or not utilize these lists?

Answer: Although the Social Security file is very complete, it is not an exhaustive list. In the interest of equity it may be desirable to explore sources beyond the Social Security file. School and drivers license lists are some of the ideas we are looking at. We have just been given authority to proceed with a Social Security computer match and we are currently implementing that program. Decisions on future steps will be made after the size of the residual pool of non-registrants can be determined and the results of our first major program can be thoroughly analyzed.

OTHER IDENTIFICATION METHODS

Question: Do you have any means beyond Social Security lists, drivers license list and graduation rosters for identifying non-registrants?

Answer: The compliance matching program was approved by the Administration just last month and ideas as to sources of non-registrants have not all been examined. One reason for this is that lists other than Social Security files tend to have uneven geographical and/or demographic coverage. Therefore, full analysis cannot take place until the national (Social Security file) program is complete and the necessary target areas are defined. Once a need is determined we can obtain lists from other vendors, states and other federal agencies. Further, Selective Service will continue to receive unsolicited reports of possible violators, and these reports will probably become statistically significant when the number of non-registrants has dropped.

ENFORCEMENT FACTORS

Question: What factors will be considered in determining whether or not to initiate enforcement action—will non-registration alone suffice?

Answer: The Military Selective Service Act makes it a crime to knowingly fail to register or to evade or refuse registration. Evidence of a knowing failure to register or of evasion or refusal will suffice. For late registrants, lateness of registration will be one factor in deciding whether the cause was due to evasion or refusal. Final decisions as to whom to subject to enforcement by indictment and trial are, of course, within the discretion of the Department of Justice.

ADMINISTRATIVE LEGAL SYSTEMS

Question: Please explain the details of the administrative legal systems which you have developed.

Answer: In designing the administrative legal system, we have distinguished between administrative and judgmental classification claims. The basic distinction between these claims is that judgmental claims involve issues requiring a greater level of individual analysis and the exercise of good sense and discretion. The administrative claims generally are determined on the basis of specific documentation identified and submitted as proof of the claim. All claims are received at one of the 434 Area Offices established to provide administrative support to the local boards. These offices also are the first to consider claims for administrative classifications. The local boards, however, comprise the first level of formalized claims adjudication. The local boards are composed of civilians who initially determine all judgmental claims as well as review decisions denying administrative claims. The next level is comprised of the District Appeal Boards, one of which is located in each of the Federal Judicial Districts. These boards hear appeals from local board decisions. The final level of appeal is the National (or Presidential) Appeal Board. Only split decisions of the District Appeal Boards are appealable to the National Appeal Board. The operational procedures for these boards provide the proof required for each claim, sets forth the right of personal appearance and to present witnesses, establishes the right of a registrant to an advisor during hearings and require written reasons for denial of any claim.

LOCAL BOARD MEMBERS

Question: Have you filled all vacancies on your local board?

Answer: Appointments to membership on 2113 local boards were completed in March 1982. There are approximately 10,600 individuals serving in this important capacity.

Question: Did you seek to insure broad representation?

Answer: Demographic and age profiles were established for each local board and our targeted outreach program was designed to insure that each board properly represents the area it serves.

Question: Was this secured?

Answer: Selective Service now has a better spread of ages, sexes, and races than ever before in its history. The people chosen are citizens who are genuinely interested in contributing to the defense of our country and insuring a fair, equitable and workable Selective Service System. A demographic breakdown of the appointees follows.

Board Member Selection Program Statistical Summary

Total Positions to be Filled	10,560
Total Applications Received	40,000
Total Eligible Applicants	28,000
Interviews Given	18,000
Appointments Made	10,560

Demographic Data

Sex	Applicants	Appointees
Male	79.8	79.8
Female	20.2	20.2

	Total Population	Applicants	Appointees
Black	11.7%	9.1%	11.3%
Native American	0.63%	0.66%	1.1%
Oriental	1.5%	0.64%	0.8%
Hispanic	4.4%	3.9%	5.1%

Age Distribution

Age	Applications	Appointments
18-30	10.0%	6.9%
30-35	15.0%	13.7%
35-40	14.6%	16.0%
40-45	14.2%	14.8%
45-50	15.7%	16.4%
50-55	16.5%	16.5%
55-60	13.3%	13.2%
60 +	N/A	2.5%

LOCAL BOARD TRAINING

Question: You indicate that for the first time in history local boards are being trained. How extensive is this training and what does it encompass?

Answer: The overall Board Member Training Program is comprised of four primary components: (1) pre-work materials, (2) centralized training, (3) reference materials, and (4) continuation training. Pre-work is self-directed learning that focuses on the history of Selective Service, history of conscription and other subject matter. Centralized training conveys the most difficult information to board members related to the adjudication of conscientious objection, hardship, divinity students and minister of religion claims. Reference materials contain information pertaining to Selective Service procedures, board guidelines and the organizational structure of Selective Service. Several types of continuation training will be used. These include mailed-out written materials, formal/informal in-service training or readiness exercises and replacement training for new board members. The actual content of continuation training will emerge from needs assessment activities performed during and after the initial training program scheduled for this summer.

ALTERNATIVE SERVICE

Question: You refer to the standby alternative service program. What are the basic elements of the program? How does a registrant qualify for participation?

Answer: The basic elements are about 45 Selective Service area offices where placement and monitoring will take place. The Conscientious Objectors will be accepted into alternative service, acquainted with their rights and responsibilities, referred to already identified employes for job interviews and, when accepted by such an employer, placed on the job. These same offices will then monitor the program to insure the satisfactory completion of the Conscientious Objector's term of service.

A registrant qualifies for participation in alternative service by satisfying his local board, or appeal board, that he truly is a Conscientious Objector; and by passing the physical, mental and moral examination in accordance with Defense Department standards.

FIELD RECONSTITUTION CAPABILITY

Question: In your statement, you refer to "field reconstitution capablity." Please explain what is involved here.

Answer: In 1976, when Selective Service was placed in "deep standby" all state and local offices were closed. Field reconstitution is the reopening of local Area Offices, MEPS liaison offices, and State headquarters. The Area Offices would provide support for local boards and the registrant classification process.

REGISTRATION WORKLOAD EXPECTATIONS

Question: What are your long term workload expectations, i.e., how may registrations do you expect in the next five years?

Answer: Each year approximately 2 million young men will be required to register. Men will remain on our file until they turn 26. The size of our file will grow to 16 million in calendar year 1985.

Question: What types of corrections, changes, etc. do you expect to have to make in your data base?

Answer: A small percentage of registrant records contain errors caused by mistakes during data entry or registrant errors on the form. These errors are corrected by the registrant on the change of information form provided with his Acknowledgement Letter.

Address corrections, however, we expect to receive in much larger volumes. Census figures indicate that about 25% of all registrants will change their address annually. Since the registrant data base is continually increasing in size, the number of changes posted each year will continue to increase as shown below.

REGISTRANT DATA BASE

FISCAL YEAR	SIZE OF DATA BASE (millions of registrants)	NUMBER OF CHANGES
1982	9	2,250,000
1983	11	2,750,000
1984	13	3,250,000
1985	15	3,750,000
1986	16	4,250,000
1987	16	4,250,000

INTERAGENCY MOBILIZATION EXERCISE

Question: In your justification you note that the Selective Service participated in an interagency mobilization exercise in 1981 and tested the front-end of the induction system. Exactly what did your portion of the exercise involve?

Answer: In FY 1981 the Selective Service participated in Joint Exercise PROUD SPIRIT/REX 80 BRAVO. The Selective Service conducted a lottery and used the data to generate test induction mailgrams. Data were exchanged with MEPCOM. The induction system worked well. The Selective Service demonstrated that, should an emergency occur, the System could respond and meet defense requirements for inductees.

SUBCOMMITTEE RECESS

Senator GARN. We stand in recess until April 15 at 10 a.m., when we will hear testimony from the Office of Science and Technology Policy and the Council on Environmental Quality.

[Whereupon, at 4:10 p.m. Thursday, April 1, the subcommittee was recessed to reconvene at 10 a.m. Thursday, April 15.]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

THURSDAY, APRIL 15, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn (chairman) presiding.

Present: Senator Garn.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

STATEMENT OF GEORGE A. KEYWORTH, II, SCIENCE ADVISER TO THE PRESIDENT, AND DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY POLICY

ACCOMPANIED BY:
N. DOUGLAS PEWITT, ASSISTANT DIRECTOR FOR GENERAL SCIENCE
ROBERT D. LINDER, EXECUTIVE DIRECTOR

SUBCOMMITTEE PROCEDURE

Senator GARN. The subcommittee will come to order.

The Office of Science and Technology Policy was created by the National Science and Technology Policy, Organization, and Priorities Act of 1976. The Office was designed to provide advice to the President on scientific and technological considerations involved in areas of national and international concern and advises the National Security Council on the scientific and technological factors related to national security and international issues.

The Office has, in the past, provided general leadership and coordination of the research and development programs of the Federal Government and assisted the Office of Management and Budget with reviews of proposed budgets for Federal R. & D. programs. In addition, the Office reviewed industrial and business activities in research and development and the factors influencing innovation. The Office advised Congress on the executive branch's views regarding science and technology policy.

Your budget request for fiscal year 1983 is for $1,839,000 and 11 full-

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time permanent positions. This represents an increase of $261,000 over your fiscal year 1982 level.

Please go ahead with your statement.

BUDGET REQUEST

Dr. KEYWORTH. Mr. Chairman, I am pleased to appear before you to testify on the fiscal year 1982 budget request for the Office of Science and Technology Policy. As you have pointed out, we have requested an appropriation of $1,839,000 which is an increase of $261,000 over fiscal year 1982 amount of $1,578,000 for this Office.

The full-time permanent positions in 1983 will remain at 11, the same as 1982. Full-time equivalent positions are 23 for both years.

Approximately 69 percent of the fiscal year 1983 request is for personnel compensation and benefits. This includes the amount for permanent and part-time staff, consultants, and detailees. The $1,270,000 personnel costs in fiscal year 1983 reflect the full year funding of the authorized staff levels stated.

Rents, communications, and utilities account for 22 percent of the request. We have asked for a total of $404,000 to cover the anticipated rates for standard level user charges, telephone, and other services in fiscal year 1983.

All other items, totaling $165,000, make up the remaining 9 percent of the budget. These expenses include travel, repairs and maintenance of equipment, printing, procurement, supplies, and other administrative expenses of the Office. We have not asked for any increases in fiscal year 1983 for these items.

As the budget shows, the only increases are for mandated salary raises at current personnel levels, and SLUC and utility charges. We believe this request will provide us adequate funds to carry out the programs of this agency in the next fiscal year.

I would be happy to answer any questions you may have, but first I would like to introduce the members of my staff with me here today.

Senator GARN. Certainly.

INTRODUCTION OF ASSOCIATES

Dr. KEYWORTH. To my left is Dr. Pewitt, my Assistant Director for General Science.

And to my right is Bob Linder, Executive Director.

Then behind me is Bruce Abell, who just recently joined me as my assistant.

Senator GARN. Thank you.

SECTION 414 OF 1981 HUD APPROPRIATIONS ACT

In a January 18 letter to Chairman Hatfield, Mr. Stockman reported on the adherence to section 414 of the fiscal year 1981 HUD Appropriations Act. That provision sets limitations on fourth quarter spending. Section 414 provides for a waiver if you must exceed the limitation. Only OSTP exceeded the limitation without requesting a waiver.

How do you explain your disregard for the law?

Dr. KEYWORTH. Mr. Chairman, I was sworn in in August of last year, and a large number of outstanding contractual items existed at this time that awaited my arrival and confirmation before execution. And during the last few months of the fiscal year, we proceeded very rapidly to get these contracts and many of the mandated responsibilities executed, so basically that is my response.

Senator GARN. Your fourth quarter report showed that you were $47,000 over the fourth quarter limitation and $140,000 over the July limitation.

Why was it necessary to spend such a large percentage of your funds during the last quarter?

Dr. KEYWORTH. Totally, acquisition of personnel. I think the Office basically became an operational office, really, the second half of the fiscal year.

Senator GARN. I can understand that. But again, why did you not request a waiver? That is why the waiver provision was included in the law to handle problems of this nature.

Dr. KEYWORTH. I think there was an oversight on my part during, let us say, the most rapid learning part of my time in this position.

SCIENCE FACULTIES

Senator GARN. One of the serious science problems facing this country is the loss of scientists and engineers from our institutes of higher learning. For instance, the percent of recent doctorates in full-time faculty positions declined from 39 percent in 1969, to 28 percent in 1974, to 21 percent in 1980.

Do you see OSTP as having a role in addressing this problem, and if so, what is that role?

Dr. KEYWORTH. First, Mr. Chairman, I am delighted you asked the question, because we would rank this in my Office as one of the first or second priority items we have been addressing for a number of months, or in fact, for the entire time I have been here.

I do agree this is an absolutely critical problem; I think it addresses, certainly in the long term and even in the immediate term, the success of our economic recovery program. I think the requirement for skilled technical manpower in the future will become more and more important as we are addressing the competitiveness of our high technology industry.

What we are trying to focus upon at this time is what I will call, if I may, the deteriorating quality of life for young faculty members in our academic institutions. We are working very closely with the private sector and with academic institutions, both in a number of formal and informal mechanisms, to try to identify the best approach to address what I think are the well identified components of the problem. We have been very extensively considering the relative roles of the private sector in academic institutions as well as the Federal Government, and we have been working with a number of people in the Congress on these considerations. We will continue to remain active until the problem is really adequately and responsibly addressed.

Senator GARN. In a recent survey, university department heads stated that about 30 percent of the faculty should be new Ph. D.'s. Do you feel that is a reasonable assessment?

Dr. KEYWORTH. I think it is a reasonable assessment.

ADMINISTRATIVE BURDENS CAUSED BY FEDERAL REPORTS

Senator GARN. In the past, the Office has made some attempts to strike a balance between the accountability of Federal funds and the administrative burden imposed on scientists in supplying such information to the Government. At this time when the Federal budgets for science are under considerable scrutiny, it would seem that efforts leading to increasing scientific productivity should be actively pursued.

Last year the Acting Director of OSTP, Mr. Huberman, stated that the task of reducing this administrative burden undoubtedly will be a priority task of the new Director, which now is you.

What actions have you taken to reduce this burden?

Dr. KEYWORTH. First, I think we have been trying to identify the specific elements of this burden, which I assure you I believe does exist. We have worked very closely with the Office of Management and Budget in trying to execute the responsibilities of the Federal Government for responsible reporting on the use of Federal funds, yet reducing the burden to a minimum and acceptable impediment. When I referred previously to the deteriorating quality of life in our academic institutions, I do believe that reporting requirements are one of the components, and I do think that these truly justifiable requirements must be made in a most, let us say, understanding fashion. I think we are trying to do that, and I think the Office of Management and Budget is and has been perceived by a majority of the academic people as being responsive to those concerns.

Senator GARN. At this point then, you do not have any idea, specifically, how many hours of administrative work are no longer required due to your efforts?

Dr. KEYWORTH. I am not that skilled with numbers. I feel as though by listening to the responses from the academic community, the problems associated with, if I may refer to it as A-21, have been significantly reduced. I believe a number of the satisfactory accommodations have been worked out with a majority of the universities.

Senator GARN. I hate to ask this next question because it seems like I am going in the opposite direction, but I would appreciate it if you could quantify this in more detail for the record. I am concerned over the administrative burden placed on scientists. I believe that we should be using clerks to fill out the forms rather than the scientists.

Dr. KEYWORTH. I heartedly agree with you, and I think it is better for a Federal employee to spend the time than a productive scientist should be required to spend his time. I definitely will acquire numerical information and report back to you on it.

[The information follows:]

OMB CIRCULAR A-21

Since becoming Director of OSTP, I have become increasingly aware of the degree to which the quality of academic life has deteriorated and the extent to which this deterioration reflects the increasing burden imposed by Federal Government rules, regulations, procedures, and accountability requirements. In an attempt to reduce that burden, we have worked with OMB Circular A-21, particularly as it applies to effort reporting; have encouraged Federal agency efforts to streamline the resource allocation system, explore innovative funding mechanisms, and reduce unnecessary administrative burdens on researchers; and are currently leading an administration initiative designed to ease Government-university tensions over accountability and indirect cost issues. We believe that, in the long run, these actions will have the effect of increasing the efficiency and productivity of the research enterprise.

The proposed changes to A-21 are designed to remove the paper burden from the research faculty members and put it into the administrative office. This change is now out for review and comment—it has not been implemented yet. As these initiatives progress, it will be possible to assess their impact in terms of hours of reporting burden eliminated; however, it is premature to attempt such a quantitative assessment now.

NASA PLANETARY MISSIONS

Senator GARN. On December 4, Aerospace Daily carried an article which stated that you supported halting all new NASA planetary missions for at least the next decade. The article goes on to say that your remarks caught NASA officials by surprise.

Did you consult with and inform NASA officials relative to your statement before you made it?

Dr. KEYWORTH. First of all, I have been discussing very extensively with both the Administrator and the Deputy Administrator of NASA the future directions of the planetary program, and I believe that we were in essential or total concurrence.

However, as I think we all agree, sometimes our public comments are not interpreted precisely as we made them, and in this particular case I was referring specifically to new missions being generated at a time when we had the Galileo already under design. And that is, I might say, quite a different thing than no new planetary missions following Voyager II.

Senator GARN. I have had some similar experiences with the interpretation by the press of my remarks.

What is your present view then of NASA's planetary program and its future?

Dr. KEYWORTH. I will not use the word "sanguine," but I believe NASA and the administration have formulated a very healthy program. Instead of continuing to focus the program heavily on planetary exploration, we're maintaining a very healthy program of planetary exploration with emphasis upon designing a family of more frequent missions and more affordable missions. I firmly believe it will be, has been, and will continue to be extremely difficult to maintain vital new young talent in the planetary exploration program when we have missions half a decade apart. It is essential to increase the frequency, and I believe the only responsible way we can increase the frequency is by looking very carefully at the scope and breadth of those missions and seeing what our science per dollar return is.

But we have also heavily focused upon generating a very broad space science program that capitalizes upon the unique capabilities of the shuttle instead of continuing the expendible launch vehicle into an era when the shuttle is at hand.

We have emphasized astronomy, space labs, the observatory, a full host of applications, and I believe this was represented in a very substantial budgetary increase that we proposed for the scientific and applications areas of the NASA budget.

Senator GARN. So I gather from what you say, that you do not disagree with Ed Meese's letter to the chairman of the American Astronomical Society—Division of Planetary Science, when he stated: "This administration is dedicated to the exploration of space . . ."?

Dr. KEYWORTH. I most certainly do not disagree, and I think I would further say that I think a 17-percent increase in the overall R. & D. budget, with an approaching 50 percent in astrophysics and astronomy, I think represents our very, very strong commitment to a healthy space program, especially in the context of fiscal duress that I am sure we very intently feel.

SPACE SHUTTLE UPPER STAGES

Senator GARN. I know you have been involved in reviewing our space policy.

Have you specifically looked at the issue of shuttle upper stages, and if so, what have you concluded?

Dr. KEYWORTH. We have looked at this in very great detail, and I think it is extremely important that we address as responsibly and with as much vision as we possibly can what the the mission requirements are going to be, both for civilian and defense programs for the period 8 to 15 years from now, because I think that very much defines the requirement for the upper stage.

Both the IUS—inertial upper stage—and the Centaur upper stage are entirely adequate approaches technologically.

It is a matter of timing, and I think it is very important, especially for the defense community, to clearly identify the specifics, the requirement for missions that will be placed in orbit or beyond. We have tried to focus upon getting as much thought and vision in projecting those requirements that are somewhat down the road.

Senator GARN. Are you familiar with the December 14, 1981, letter that Senator Schmitt and I sent to NASA and the letter Chairman Boland and I sent to NASA on April 6 on this issue?

Dr. KEYWORTH. Yes, I am.

Senator GARN. Are you also aware that this week the Air Force has asked permission to reprogram $4 million to study a high energy upper stage?

Dr. KEYWORTH. I was aware that was coming.

Senator GARN. Were you consulted before this request was transmitted?

Dr. KEYWORTH. Mr. Chairman, I personally was not consulted, but I strongly suspect members of my staff were conversing with members of the Department of Defense on this, because we are in extremely close

communication with them and NASA on this and on, essentially, all major issues of the space program.

Senator GARN. Well, I hope so, because, as indicated in the letters, Senator Schmitt, Congressman Boland, and I have not been happy with what looks like divergent ways we are going in the space program. We are particularly concerned with the Defense Department role in the program.

SPACE POLICY REVIEW

Dr. KEYWORTH. Let me comment by saying that I think there was a real requirement for the space policy review that the President asked us to do, and the real reason is twofold: First, it is because the shuttle really does represent a totally new capability. And second, because we have reached a time where it is absolutely essential that the overlap between the military and civilian programs become one of common objectives, common goals, and close communication.

I do believe even in the short time I have had a chance to look at this closely, major progress was made and the Defense Department has developed deep and sincere commitment to the capabilities and exploitation of the shuttle. I shared, and to some extent still share, some of the same concerns you have referenced. But I would just try to comment that I think very major progress has been made, and I think it began the day we had the first successful Columbia flight. There is nothing that can replace visible mission successes to bring people on board in a united effort.

Senator GARN. Do you think it would be useful to have the chairman of the HUD Appropriations Subcommittee, who has a little over 10,000 hours flying time, personally go on the shuttle to examine its capabilities and report back?

Dr. KEYWORTH. I must admit that in a far more selfish context, I have even contemplated volunteering.

Senator GARN. I volunteered a long time ago.

Dr. KEYWORTH. As far as whether it would be useful, with all due respect, I doubt very much that the pressures of Congress would accommodate the immense amount of background training necessary.

Senator GARN. I have already explored training with NASA and with my aviation background, approximately 3 weeks of intensive training would be sufficient for a nonprimary crew member.

While I am asking the question facetiously, I do so in order that NASA is continuously reminded that I am very serious about going on the shuttle. In fact, I've even indicated that it may get down to the point where it becomes an issue of whether NASA gets their funds. If you want to call that a threat, bribe, intimidation, as chairman of their subcommittee, so be it, I plead guilty to all of those. However, after 25 years in aviation, I would die happy to go into space; I am the right age, as well as being experienced, calm, cool, and collected in an aircraft.

While I ask the question facetiously, my staff will tell you, and so will the Administrator of NASA, that I am dead serious about going on the shuttle. NASA will be reminded every time they ask for one dime,

and future appropriations may be entirely dependent upon one seat being made available about 1984.

Dr. KEYWORTH. If I may, let me offer one word of encouragement. I think we forget frequently that one of the major roles of the space program truly is that it represents as strong a symbol of American pride as any other element that we pursue in this country; and I think it would be extremely beneficial for some major public figure to be associated in this dramatic fashion with the space program.

Senator GARN. Well, we could go on with this conversation for a long time, but I will make one other comment.

As I look at some of these astronauts that some people consider superhuman—and I have met many of them—they are wearing glasses, and I am not. I still pass my flight physical and my blood pressure is lower despite this job. We will get on with the serious part of the hearing; but that was the most serious part as far as I am concerned.

U.S. ANTARCTIC POLICY

On February 5 the President issued a memorandum concerning the U.S. Antarctic policy and program.

I assume, since you were one of the parties to which the memo was addressed, that you are familiar with its contents?

Dr. KEYWORTH. I am generally familiar with it. Actually I believe Dr. Pewitt has been, I believe, familiar in considerable detail and has worked quite closely with the Foundation on this.

Senator GARN. Dr. Pewitt, did you participate in the deliberations going into the President's decisions contained in the memo?

Dr. PEWITT. I reviewed the decisions done by people on our staff that were assigned to work on that. Basically we have the commitment at the present.

Senator GARN. Are either one of you familiar with the letter Senator Huddleston and I wrote on April 30, 1981, to Dave Stockman on this issue?

Dr. PEWITT. I am not.

Dr. KEYWORTH. I was not.

Senator GARN. Well, we raised the issue that while the Antarctic scientific activities have remained relatively constant, the funds necessary to support our national presence have dramatically increased and these are becoming a greater part of NSF's budget. They now represent about 6 percent of the total.

The substance of my question is, why cannot the Navy assume these costs while NSF maintains the overall management of the program?

Dr. KEYWORTH. I correct my previous comment; I do remember the content of the letter now.

We have tried to discuss extensively with people at the National Science Foundation—and some members of my staff have also discussed this with the Navy—on how we can possibly maintain a strong presence, which I do feel is very important, in an affordable and representative fashion.

We have tried, in looking at the overall role of the National Science Foundation, to evaluate the appropriateness of some of the total economic burdens that they do carry forward year after year. I would say I do very much share your concerns and, if I recollect correctly, the escalation of costs associated with the logistical aspect of the project were something like three times the inflation rate.

CENTRALIZED RESEARCH INFORMATION SYSTEM

Senator GARN. During our fiscal year 1981 hearing, Senator Proxmire asked how OSTP was doing in implementing his request to develop a centralized research information system which would contain a description of all completed and ongoing federally funded R. & D. projects. Such a system would be an excellent resource to the science and user communities as well as a useful tool to Government decisionmakers.

In response, Mr. Press stated, "We want to do what you want to see done, and I will try to get it done in the next few months." That statement was made on March 28, 1980.

Last year I asked the Acting Director, Mr. Huberman, what progress had been made. He stated that OSTP took Senator Proxmire's request very seriously and that OSTP will continue to be involved in efforts to facilitate the timely availability of information from federally supported research projects.

Do you consider this an important role for OSTP?

Dr. KEYWORTH. Mr. Chairman, I consider the coordinating responsibilities that are inherent in our Office to be very real and important. On this particular issue we have worked closely with the Department of Commerce to try to implement this as rapidly as possible, and I do believe serious progress is being made.

But I would like to also comment that, at a time when the competitiveness of our high-technology industry, our defense capabilities, and our overall economic base are in a state of what I believe to be real jeopardy, we have focused the efforts of our Office and the resources that we have upon what I feel to be the more critical issues. For in the immediate term, mid term, and long term, a lot of very proper and very important issues have necessarily been relatively subordinated. I am not calling the question of scientific information unimportant, but it is not as important as the others.

Also, I think we have to clearly distinguish between the operational and coordinational aspect of a White House Office. We have very much tried to not burden ourselves with line responsibilities that could consume my entire staff on a single issue, and to utilize and cooperate with the responsible agencies as effectively as possible. On this particular issue, I do believe that the Commerce Department is doing an effective job to address it.

Senator GARN. I understand what you are saying, but the thing that bothers me, not just about this specific issue, but the reason I was smiling was because of the phrases "very seriously," and "progress is being made." I don't know how long we kid each other in this body and the bureaucracy by using these type of phrases.

I would just appreciate, as long as I am chairman of this subcommittee, some honesty from people who testify before us. Rather than pacify prima donna Senators, I wish they would say "We are looking at it," or, "No, we have not had the time to do the damn thing, and when we get around to it we will."

I get tired of the bologna after 8 years in the Senate; it is a big game everybody plays in Washington and everybody knows what is going on and what "very seriously" means.

While I am getting away from the specific issue, I want to make it clear that if you tell me exactly what is going on, we will get along fine.

I appreciate the fact that although you took a little longer to say you have a limited budget, you are doing the best you can with more important projects, and although it is important to you, it may not be the most important thing. Is that the essence of your answer?

Dr. KEYWORTH. Yes. A day never goes by, weekday or weekend, where my staff and I are not spending some time addressing the problem. And that is an example of what I call a critical problem of the day. Thank you.

Senator GARN. I would love to have this Washington game stopped and have everybody respond candidly. We would save so much time. It would be amazing what we could get done if people would cut out the bologna and bureaucratic catch words. Everybody understands the language after you have been here a few months. Maybe we enjoy fooling each other.

Dr. KEYWORTH. I will do my best to be as candid as possible, but I am often accused of a weakness for candor.

COMMUNICATION WITH THE COMMITTEE

Senator GARN. I have been accused of much more than that.

Let me make an observation at this point.

Our subcommittee is responsible for a good part of the civilian R. & D. budget. I am sure you would agree that much of what is called science policy is really the result of the annual budget process. I cannot help but feel, although you have been in Office for 8 months, your technical staff has never initiated a meeting with me or any members of my staff, or as far as I know, any other members of the subcommittee, to get the committee's views on science policy.

Therefore, I believe that you will be more successful in accomplishing your important mission if your Office and this committee develop better lines of communication.

Dr. KEYWORTH. Mr. Chairman, I will have to answer that question somewhat humbly. Let me offer a comment.

After we completed or concluded the budgetary season, so to speak, my staff and I sat down for a very extensive discussion on what will be our major responsibilities and issues for the next 6 to 12 months.

At that time, one of the problems that we identified was the fact that we had been so intensively caught up with the daily brushfires occurring in the White House as well as here, that a number of us had been remiss in a number of areas, and I feel one of them has been in

maintaining and developing an adequate link and relationship with Congress.

We have, since that time, tried to establish a number of relationships, and I will simply say that we are making considerable amounts of progress in trying to devote more of our time in getting a two-way interaction.

There are, as you know better than I, a large number of people in both the House and Senate who are very interested today in issues of science and technology. It has become a dominant part of American life and I think we have developed quite a number of very strong relationships.

I have personally felt frustrated, for example, that I have not been able to take as much time as I would like in talking with you and, for example, Senator Schmitt, whom I have known for some time and with whom I share a number of deep interests. I would just like to say I would like to take your question as a strong suggestion and say I think we will do our best, and I hope you will not ask me the question next year because it will be satisfied.

Senator GARN. I understand the problem; it is not that we are looking for things to do. We manage to keep busy around here too. However, I do understand your comment about the brushfires. One of these days, my schedule will end as it was originally planned. So I fully understand what you are saying. I just feel that rather than putting out brushfires, maybe we could prevent some of them from starting and reduce that problem.

It is not that I am looking for more meetings for myself or my staff, but to try to minimize the problem as to why we have not had as much contact as we should. We do not want you pampering us by running up here to talk to us, but you described it very well, we are all putting out brushfires, and boy, it would help if we could eliminate some of them before they start.

SUBMITTED QUESTIONS

I have some additional questions which I will submit to you for your response in the record. I appreciate your testimony here before us today, and unless you have some additional comments, we will conclude this part of the hearing.

Dr. KEYWORTH. Thank you very much. I do look forward to working with you in a number of scientific and defense related issues in the future.

Senator GARN. Thank you very much, gentlemen.

[The following questions were not asked at the hearing but were submitted to the Office for response subsequent to the hearing:]

Questions Submitted by Senator Garn

RISK ASSESSMENT

Question: You noted last year's budget submission that the office planned to focus considerable attention on improving the quality of risk assessment methods used in the regulatory decision-making process. As I noted during last year's hearing, improving risk assessment is critical to regulatory reform. Several agencies such as CPSC and EPA have been actively pursuing the development of such risk assessment methods. In response to my questioning in this area your predecessor stated: "Given the very strong interest of the Reagan Administration in assuring that Federal regulations achieve a proper balance between social and economic costs on the one hand and reduction of risk on the other, we anticipate that OSTP will continue to be heavily involved in this area." What have you done and what do you intend to do to encourage and coordinate the development of risk assessment technology?

Answer: Regulatory relief is a critical element in President Reagan's efforts to strengthen the economy, energize our industrial sector, and reduce the size, cost, and influence of the Federal Government. Among the earliest actions taken by the President following inauguration, were the formation of a Presidential Task Force to oversee Administration regulatory relief efforts and issuance of an Executive Order providing guidance to federal regulatory agencies on the review and analysis of proposed regulatory actions. A keystone of the regulatory review process mandated by that Executive Order is increased emphasis on improved analysis of the costs, benefits, and potential impacts of proposed rules. Implicit in this emphasis is the need to improve our ability to characterize the nature and magnitude of potential environmental and health risks. As the need for strengthening the scientific basis for regulatory decisions has become more evident, OSTP has become more active in Administration regulatory relief efforts. Last September, I was appointed by the Vice President to be a member of the President's Task Force on Regulatory Relief and asked to form and chair a work group, under the aegis of the task force, to coordinate regulatory agency efforts to strengthen the scientific basis for their decisions. The first major task being undertaken by the Work Group is the development of principles designed to guide federal regulatory agencies in determining the degree to which an exposure constitutes a human carcinogen. An integral part of such principles will be guidance on how best to assess the nature and magnitude of risk posed by potential human carcinogens.

WHITE HOUSE SCIENCE COUNCIL

Question: Your budget justification notes that you have established a White House Science Council. In an interview in Science you were cited as saying that the Council "would have neither the status nor the independence" of the former President's Science Advisory Committee. What role do you see for the Council?

Answer: The White House Science Council will assist me, as The President's Science Advisor, in two ways. First, it will keep current with the major issues of this Office, and advise me on matters of scientific priorities and technical developments. Second, it will serve as the body of expertise from which I can draw to form panels to study topics of pressing interest in some depth.

Question: What specific areas do you expect to address in FY 82 and 83?

Answer: Studies are underway in the following specific areas: special nuclear materials production, the federal laboratory system, future military technologies with high pay-offs, and the national airspace systems plan.

Question: How much have you budgeted for the Council in your FY 83 budget?

Answer: The FY '83 budget for the White House Science Council operations is $50,000.00.

Question: I understand that no chemists, biologists or social scientists were appointed to the Council -- Why is that?

Answer: You have been slightly misinformed concerning the make-up of the White House Science Council. We do have a chemist--George Cowan of the Los Alamos National Laboratory--and a physician/biological scientist--Donald Fredrickson, formerly the Director of the National Institute of Health. However, this is not to say that we specifically attempted to have these areas represented. I chose members with an eye toward scientific excellence and soundness of judgment, and did not attempt to achieve any sort of demographic quality among fields of science.

PATENT POLICY

Question: Last year at our hearings, I asked what OSTP was doing in the area of patent policy to enhance the commercialization of federally-funded R&D. Your predecessor replied that OSTP "will continue to be involved in patent questions." What specifically has the Office done in this area since last year?

Answer: During my tenure as Director of OSTP, the Office has been actively involved in Administration and Congressional efforts to grant to the private sector, rights to patents developed under federal R&D funding. Specifically, OSTP staff played a critical role in the development of OMB guidelines (OMB Circular A-124) required to implement the provisions of PL 96-517, the so called Bayh-Dole legislation enacted last year. I, personally, am leading Administration support of legislation now pending before Congress which would: 1) extend to the entire private sector the rights to patents developed under federal R&D funding; and 2) extend the life of patents delayed due to federally required testing ("patent term restoration legislation"). On September 30, 1981, I testified before a joint hearing by the Senate Committee on Commerce, Science, and Transportation, and the House Committee on Science and Technology, in support of legislation introduced by Senator Schmitt (S. 1657) and Congressman Ertel (H.R. 4564) which grants the private sector rights to patents developed under federal R&D funding. My staff and I continue to work particularly hard to assure passage of a version of the so-called Schmitt-Ertel legislation which optimally stimulates patenting of inventions discovered under federal funding. Similarly, we support legislation now under consideration which restores, to the life of a patent, time lost due to federal regulatory requirements.

INTERNATIONAL COOPERATION

Question: During the last several years, the Office has been heavily involved in improving the science and technology cooperation with other countries including China, Japan, Black Africa, Mexico and other Latin American countries. What are your plans in the future for this area?

Answer: In my first eight months in office I have been heavily involved in international cooperative scientific endeavors. I visited Mexico and Japan in September, hosted Chinese Vice Premier Fang Yi in October, and visited the United Kingdom, Federal Republic of Germany and France in February. I have been appointed the U.S. Representative to the NATO Committee on the Challenges of Modern Society, which will bring me to Brussels at least once annually. I also have received a steady stream of foreign scientific officials in Washington.

I intend to continue this heavy involvement in international scientific cooperation. I will be meeting next month with European Communitees Vice President Davignon, and during the summer I expect visits by French Minister for Science and Technology Chevenement and Japanese Minister for Science and Technology Nakagawa.

I am giving particular attention to our cooperative programs with Mexico and China. In both cases these programs make a very positive contribution to our overall relationship with these countries.

I am encouraging AID to place more emphasis on science and technology in our development assistance program. AID Administrator Pete McPherson has, of course, been trying to do just that.

In my contacts with Western Europe and Japan I have been trying to lay the basis for enhanced cooperation in the future in such areas as fusion energy, space science, and breeder reactor design. As we all face constrained budgets, I have been emphasizing the need to avoid duplication of scientific facilities and to pool resources to build some of the multibillion dollar facilities on the horizon--particle accelerators and fusion reactors. We are looking for mechanisms to plan research facilities on a broader basis. One example of this is the joint European Science Foundation--National Academy of Sciences look at possible joint US-European missions in planetary exploration which will soon get underway. The job of priority setting is a difficult one, but it is inevitable that it is going to take on an increasingly international flavor for the United States, as it long has within Western Europe.

EXPORT CONTROLS

Question: One of the Interagency groups previously chaired by the Director of the Office was responsible for recommending steps to assure compliance of our export control laws. The major task of the group was to reconcile the interests of agencies such as Commerce, DOD and Treasury. What role will OSTP play in U.S. export policy--especially as it relates to high technology items?

Answer: OSTP is playing a substantial role in export control policy. We work closely with the NSC staff, which chairs the

Coordinating Committee on Technology Transfer, the main coordinating group in this administration. In addition, we attend meetings of the Advisory Committee on Export Policy, chaired by Commerce, and the Economic Defense Advisory Committee Working Group II, chaired by State. The former committee deals with individual export licenses and the latter with international compliance issues. Finally, in 1981 a new group, chaired by the Justice Department, was set up to help coordinate domestic enforcement of export controls.

I can assure you that improving compliance with export controls both domestically and internationally is a high priority of this administration. Additional resources are being devoted to these efforts, and we are beginning to see positive results.

NATURAL RESOURCES

Question: In your testimony last year, you indicated that you would continue to provide the President with advice on science and technology issues associated with natural resources. What activities does the office intend to undertake during FY 83 relative to fossil fuel resources?

Answer: OSTP is very much involved in providing science policy input to the President regarding the effects of fossil fuel combustion. Two coordination efforts, one on atmospheric CO_2 buildup and the other on Acid Rain will provide continuing input to the President so that policy initiatives will be based on good science. It is important to note that both of these issues require continuing attention. As we learn more and are able to bound uncertainties, we will continue to implement policies that effectively protect our environment while minimizing unnecessary economic disruption.

INTERNATIONAL INSTITUTE OF APPLIED SYSTEMS ANALYSIS (IIASA)

Question: On March 5, I received a letter from the President of the National Academy of Sciences, Mr. Frank Press, on IIASA. In that letter Mr. Press states "...the Academy remains convinced that the best interests of the United States would be served by our continued participation in IIASA." What is the Administration's position on this issue? The letter further states "...continued U.S. participation in IIASA is not inconsistent with national security." Do you agree with this conclusion?

Answer: As I told Frank Press in my response to his letter of March 5, the Administration has decided to withdraw all funding for IIASA at the end of fiscal year 1982. This decision was the result of many factors, including:

budgetary contraints. We believe that the scientific interests of the United States are more productively served by other international scientific programs. I might note that French, West German, and British scientists have expressed similar concerns about the quality of IIASA's work.

imbalance in the scientific and technological exchanges at IIASA. The Soviets and East Europeans have used IIASA to obtain access to resources that would not normally be available in a bilateral exchange. Nothing comparable has been provided by the Eastern bloc.

a recent espionage case involving a Soviet staff member of IIASA, which led us to question whether all members of IIASA respect the Institute's scientific purpose.

Our decision was intially taken last October based on the above factors. In reaffirming our decision in March of this year we also had to take into account the current Soviet-sponsored oppression in Poland and our desire not to undercut the other actions which the President announced on December 29, 1981 in that regard.

As for the second part of your question, we believe that our national security interests would be best served by US withdrawal from the institute. As I told Frank Press, we continue to be concerned about lack of reciprocity in IIASA's programs and about Soviet misuse of the Institute for intelligence purposes.

SMALL BUSINESS SET-ASIDES

Question: What is your position relative to various bills that provide for small business R&D set-asides from government agencies?

Answer: The Reagan Administration supports the goals of legislation now pending before the Congress intended to increase small business innovation through the establishment of specific small business innovation research programs in federal research and development agencies. Small businesses are, by their very nature, inventive and innovative. Facilitating invention and innovation among small firms is an important aspect of our collective efforts to strengthen industrial America.

For these reasons, the Administration supported passage by the Senate of S. 881 "The Small Business Innovation Research Act of 1981." That bill, as passed by the Senate, is carefully drawn to stimulate increased federal support of small business innovation, while assuring that the funding required for that support does not come inordinately at the expense of federal agency intramural research or extramural basic research conducted primarily by our colleges and universities.

On the other hand, the Administration opposes enactment of several pieces of legislation now pending before the House, which, although they have the same objectives as S. 881, depart in several significant ways from the Senate bill passed last November. In general, these House bills are too expansive, mandating excessive set-asides and the involvement of too many agencies, and lacking the safeguards we believe are needed to assure the continuity and integrity of federal agency intramural research and development, and extramural basic science programs.

TEMPORARY PERSONNEL AND CONSULTANTS

Question: You are requesting $345,000 for temporary personnel and consultants. The FY 82 budget contained $250,000 for this purpose. How much has been committed to date for this program in FY 82?

Answer: We have obligated approximately $71,160 to date in this account. The obligation rate for the first half of the year

is low because the office was being organized under a new director. We anticipate a faster spendout as more temporaries and consultants are added during the second half.

Question: What do you specifically intend to do with these funds in FY 83 and why are you requesting an increase of $95,000?

Answer: In 1983 we have asked for an increase of $95,000 to be used primarily for consultants. This will provide approximately 1.5 work years of effort above the amount budgeted in 1982.

REIMBURSABLE DETAILEES

Question: You are requesting $300,000 for reimbursable detailees. Your FY 82 budget contained $355,000 for this program. How much of the FY 82 funds have been obligated to date?

Answer: Approximately $185,000 has been obligated for detailees to date.

Question: What specific studies do you intend to undertake in FY 83 that will require detailees?

Answer: In 1983, we will continue to rely on detailees in the areas of national security and space, health and human services, energy, general science, and international scientific programs, as well as administrative support in such areas as White House Science Council.

OVERALL BUDGET

Question: This year you are requesting $1,839,000 or $261,000 over your FY 82 level. Please explain the specific increases to your FY 82 level.

Answer: The largest increase is for $214,000 in personnel compensation and benefits. This increase is due to 1) a full staff for all the authorized positions in FY 1983 and 2) the full year costs of the pay increases enacted during FY 1982.

The only other increase in 1983 is $47,000 for Rents, Communications and Utilities. This is to allow for anticipated increases in rental of office space, telephones, and other utility charges.

CENTRALIZED DATA SYSTEM FOR FEDERALLY SUPPORTED RESEARCH PROJECTS

Question: Please provide for the record a detailed accounting of the changes that have been implemented since FY 80 to develop a centralized research information system.

Answer: During the past year, OSTP staff have been actively involved in efforts to increase and improve the availability of information on federally funded research projects in progress. Since the decision last fall, by the Smithsonian Institution, to disband the Smithsonian Scientific Information Exchange (SSIE), this Office has spearheaded Administration efforts to develop a mechanism for fulfilling the need for ready access to information on research sponsored by federal agencies. In addition to meeting the need of the private sector for information on research funded by the federal

14-067 O - 83 - 36

government, such information serves as a management and coordination tool for the federal agencies themselves. The SSIE data base and computer software have been transferred to the National Technical Information System (NTIS) within the Department of Commerce for development of an information system utilizing NTIS expertise and hardware. With the exception of the National Science Foundation, all of the major R&D agencies are cooperating in the establishment of this research information system, providing timely input to that system via magnetic tape. It is our intention that this system be fully operational and effective within the next several months and are exploring various means of making the system self-supporting Furthermore, it is likely that we will formalize, under the Federal Coordinating Council for Science, Engineering, and Technology, an interagency committee on scientific and technical information now operating on an ad hoc basis.

COUNCIL ON ENVIRONMENTAL QUALITY

STATEMENT OF A. ALAN HILL, CHAIRMAN

ACCOMPANIED BY:

NANCY NORD, GENERAL COUNSEL
GORDON SNOW, SENIOR POLICY ADVISER
THOMAS J. DELANEY, ADMINISTRATIVE OFFICER

BUDGET REQUEST

Senator GARN. The Council on Environmental Quality was established by the National Environmental Policy Act—NEPA—and the Environmental Quality Improvement Act of 1970 and is located in the Executive Office of the President.

The Council's principal responsibility is to provide the President and the Congress with timely and authoritative advice on key environmental policy issues. While providing direct advice, staff support, and technical expertise to the President, the Council is also responsible for monitoring other Federal agencies' implementation of NEPA. Finally, the Council on Environmental Quality, through studies, analyses, and testimony, also responds to congressional requests for information on and assessments of environmental issues and programs.

You are requesting $926,000 and 15 permanent positions. This represents an increase of $7,000 over your fiscal year 1982 level.

PREPARED STATEMENT

I notice, Mr. Hill, that you have a 15-page opening statement. I would appreciate it if you could summarize your testimony. I will assure you it will be placed in the record in its totality.

Mr. HILL. That helps me reduce part of my brief opening statement.

I appreciate the opportunity to be here this morning.

Since the Council was established, the growth of the staff and budget is well known. During my term as Chairman of the Council it has taken a different direction. We normally had massive in-house expertise on a variety of subjects, often duplicating expertise available in the line agencies.

We are reducing that and we are down from a level of approximately 50 persons to 15 in the current proposal.

OVERVIEW

I would like to review three items that we have placed emphasis on at the Council, feeling that we should do a few tasks well rather than attempt many. Those items are NEPA oversight, global environmental issues, and acid rain or acid deposition.

In our NEPA oversight activity, we have been working with the

various agencies in the Federal Government on their implementation of the NEPA law and the procedures that they need to implement the laws.

Last August we requested comments from the general public with regard to how the law is being implemented in the agencies and we received almost 200 sets of comments. We are now working with the agencies to speed the process, make it more efficient, and make it as lest costly as possible.

In the global issues area, Mr. Chairman, we have formed a work group under the Cabinet Council process involving some 20 agencies from the Federal Government. This work group will be considering the Global 2000 Report to the President and we will be considering questions of our involvement in global environmental issues, our study and resolution of those issues.

On the acid rain question, the Council serves as a coordinating body for the Cabinet Council, coordinating the activities within the Federal Government. We have three specific tracts in operation at this time. One is the task force program which was authorized by Congress in 1980, which is a comprehensive research project to develop scientific answers so if we impose controls we know those controls will solve the problem.

Another tract that we are following is negotiating with our neighbors to the north under the memorandum of intent. Those negotiations are underway; we are progressing as rapidly as we can.

The last activity of course is coordinating activity that the Council is leading which involves some six agencies of the Federal Government.

With that, Mr. Chairman, I am ready to take your questions.

Senator GARN. Thank you.

DISCUSSION OF STATEMENT

In your statement you note that, "The Council expects to cover all nondiscretionary expenses that it will have to meet in fiscal year 1983 by achieving program improvements and exercising careful management."

Does this statement also imply that CEQ will not incur any expenses of a discretionary nature?

Mr. HILL. No, it does not.

Senator GARN. I see your bill language still contains a $500 item for reception and representation and expenses for the hire of passenger motor vehicles. Given the size of your staff and budget, are these items necessary?

Mr. HILL. We have visitors from abroad from time to time and it is nice to be able to entertain them at lunch. There are other activities, and I would prefer not to take that out of my own pocket, and I know Ernie Minor does not appreciate taking it out of his pocket.

Senator GARN. I could not resist asking the question about a $500 item; it is the first time I have seen it.

Mr. HILL. It has been there for some years.

Senator GARN. In your statement you note that in order to accomplish your mission, CEQ will be drawing on the resources of other major Cabinet-level departments.

What type of resources will you need from these departments in fiscal year 1983 and how does this compare to your fiscal year 1982 experience to date?

Mr. HILL. We are obtaining expertise as required on specific projects that we are working on.

If I could give you an example in the global issues area, currently we are preparing an inventory of our multilateral and bilateral international involvements. This is being undertaken by the staff of the State Department, so we are using that expertise rather than having in-house expertise for that project. As we move to the next phase of our work in the global issues work group, which is looking at the Government's ability to forecast, we will use the expertise in line agencies rather than have that expertise in our own office.

Senator GARN. Do you have any idea what the expected value of the resources, both personnel and services, you will receive from other departments?

Mr. HILL. That runs approximately three GS–15 person-years. It depends, if we get another assignment, my arrangement with the Office of Management and Budget is that they will assist in obtaining detailees or whatever expert advise we need at the Council for a specific objective.

Senator GARN. Does your budget include any funds that could be used to reimburse any of these departments?

Mr. HILL. No.

STAFF REDUCTIONS

Senator GARN. Let me ask you just a general question. Last year and again this year there has been a great deal of talk in the press about how budget cutbacks and the reduction and the size of your staff were gutting the environmental effort.

In your opening statement you talk about overlap and duplication and doing things in-house rather than using outside resources.

What is your assessment of those charges? Has CEQ been gutted?

Mr. HILL. The budget has been reduced; that is for sure. I worked for Governor Reagan in California for more than 5 years and had a reputation of making a program operate well with whatever dollars were available, and we tried to stretch them as far as we could.

I think the Council staff had grown to a point that it had its own expertise in-house rather than where problems arise and were solved, and that is in a line agency. The more effort that goes on in the line agencies the better off I think the Federal Government is, so we approach it on that basis.

As I said earlier, we are trying to undertake specific tasks, a limited number, yes; but specific tasks, and to do those well.

Senator GARN. I certainly do not disagree with you, and I do not subscribe to the charges that your agency is being gutted. I think there is a tendency here in Washington for each agency not to utilize the re-

sources available in other agencies. As a result, agencies continue to grow and grow. If there is any example of this growth, it is, I hate to say this, congressional staffs—although we have a very small staff on this subcommittee which is very efficient.

In fact, I found I have been able to operate at much less than I have been allocated and I think I have an extremely good staff, not only on this subcommittee and the Banking Committee, but personal staff as well.

The Banking Committee is actually operating at 10 percent below the fiscal year 1980 levels in fiscal year 1982. The Banking Committee is getting along fine. So when charges are made that agencies cannot cut back, I cannot subscribe to them; I think the job can be done as adequately or better with less funds. The Banking Committee is functioning fine and I do not think anybody can say the financial community of this country is hurting because we are operating in 1982 on a 1980 budget.

NATIONAL ENVIRONMENTAL POLICY ACT

The Council's regulations implementing the procedural provisions of the National Environmental Policy Act became effective July 30, 1979. Since this time, the Council has been responsible for insuring that all Federal agencies issue adequate implementing procedures tailoring the NEPA regulations to their specific activities and programs.

Last year you indicated that several agencies still have not adopted adequate procedures for implementing NEPA regulations, including HUD. What is the current status of agency implementation?

Mr. HILL. HUD has issued interim procedures. We have a list of probably six or seven agencies that we are working with that have not adopted implementing procedures; all others have.

As I indicated in my opening statement, we went out with a very sincere effort to obtain public comments on how the system is operating, and I believe there are some efficiencies that can be achieved in working within the Federal Government. We have offered to work with any of the agencies that want to and we will be coming out with specific guidance on techniques to speed the process; to make it less costly.

One department in the Federal Government, a large department, estimates a cost of $160 million a year in anticipation of environmental preparation documents. I believe that figure can be reduced and we are working with that department very closely to assist them.

I told my staff—and I will apologize to you and to them for not introducing them to you and, if I may, I would like to introduce Nancy Nord, General Counsel, Dr. Gordon Snow, Policy Adviser, and Thomas Delaney, Administrative Officer.

We are working like a small family, together with agencies to achieve these efficiencies and economies wherever we possibly can. We are trying to do it in an open way and obtain public comment.

REFERRALS OF ENVIRONMENTAL DISPUTES TO CEQ

Senator GARN. Section 309 of the Clean Air Act and part 1504 of the National Environmental Policy Act regulations require that certain environmental disputes which develop among agencies be referred to CEQ for mediation or resolution. Since 1970, approximately 20 major Federal actions have been referred to the Council. In the past, CEQ has assigned one to three staffers to the particular issue in order that the issue can be promptly resoloved.

How many disputes have been referred to CEQ during fiscal year 1982 and how many do you expect in fiscal year 1983?

Mr. HILL. It is hard to anticipate how many will come in. We missed by 2 weeks in fiscal year 1982, a referral which was on the Dickey Lincoln School project in Maine. That was resolved 2 weeks before the beginning of the 1982 fiscal year. Congress has acted to deauthorize the project.

We have a referral now with regard to the Osceola National Forest. I understand that one of the parties has referred, or is going to ask that that referral be returned. They may have solved their own problem.

I think counsel should be there to step in and help solve problems when necessary; it should not be entrusted if the line agencies are solving their own problems.

Senator GARN. I am very familiar with Dickey Lincoln. It has come up at least once a year every year that I have been here.

Mr. HILL. Well, we did get that one off the board.

Senator GARN. How many disputes, given your small staff, do you realistically expect to be involved in?

Mr. HILL. I think the average is about two a year, so it is not a great number. Again, it goes to the quality of dealing with the parties also. Nancy Nord handles that, it is part of her assignment, and she has been quite firm with some of the parties that have discussed a referral. I think the policy of firmness and fairness has encouraged them to resolve their own problems.

UPGRADING FEDERAL FORECASTING DATA

Senator GARN. Your statement notes a primary goal of CEQ will be to identify means of upgrading Federal forecasting data.

What specific action has CEQ taken in fiscal year 1982 relative to this primary goal, and what actions do you intend to undertake in fiscal year 1983?

Mr. HILL. If I could expand my response briefly here. The Global 2000 project that was completed in 1980 exposed the fact that the Federal Governments ability to forecast is not the best. Our objective is to try to improve those skills beginning with the data base, the interrelationship of these data bases, for instance, a forecasting tool which looks to food supply cannot relate to the forecasting tools with regard to water, land availability, capital availability, energy availability. There should be some relationship there.

In the global issues working group, we are developing a working plan which will lead us down a path to begin improving. I am not optimistic

this will be done in 1 or 2 years, but at least we start down a path and get the effort directed to improving those places where we have major holes in our forecasting.

ACID RAIN

Senator GARN. Several pages of your statement are devoted to discussion of acid rain. As you know, EPA has requested an increase from $9 million in fiscal year 1982 to $12 million in fiscal year 1983. Has this increase affected your planned negotiations with Canada?

Mr. HILL. Well, as one of my friends from Canada said, "All you are doing is saying you are going to study the problem and you are not going to put the controls on." My favorite story is 10 years or so ago when we solved local air problems by building tall stacks. Now tall stacks send pollutants high enough to travel hundreds of miles to cause acid rain. The President has, I think, demonstrated very clearly his sincerity about getting the scientific answers by increasing the budget by 3 percent from 1981 to 1982, and we are asking for another 20 percent increase in 1983.

If we were going to use as a public relations tool the fact that we are doing more studies, we could do it for less money than the $23 million being requested for 1983.

SUBMITTED QUESTIONS

Senator GARN. I have some additional questions which I will submit to you for your response in the record.

Do any of you have any additional comments at this point?

Mr. HILL. I do not believe so.

Senator GARN. We appreciate your coming here today.

[The following questions were not asked at the hearing but were submitted to the Council for response subsequent to the hearing:]

Questions Submitted by Senator Garn

UPGRADE COMPUTER SYSTEM

Question: You note that CEQ intends to transfer the UPGRADE computer system to another agency.

What agency has agreed to manage the UPGRADE system during FY 83?

Please provide, for the record, a list of users of the system during FY 82.

Answer: Several agencies are involved. The Geological Survey is putting the original version of UPGRADE on its mainframe computer, mainly for its own use, and possibly for limited use of other federal agencies. The Environmental Protection Agency (EPA) has the new, minicomputer version of UPGRADE operating from its computer center in North Carolina. CEQ remains the agency of record on an existing UPGRADE interagency project that runs until September 30, 1982, and the Fish and Wildlife Service and other cooperating agencies are assisting us in the technical management of that work. In addition to these, use of UPGRADE is offered by at least two commercial firms.

Federal agencies who have been involved with the UPGRADE project in FY 82 are:

U.S. Environmental Protection Agency (several offices)
U.S. Geological Survey
U.S. Fish and Wildlife Service
U.S. Air Force
National Institute on Aging
U.S. Food and Drug Administration
U.S. Army Corps of Engineers

In addition to these, UPGRADE is used by the New Jersey Department of Environmental Protection and by private users who are not known to CEQ.

TIES WITH INTERNATIONAL ORGANIZATIONS

Question: On Page 7 of your statement, you note that CEQ has developed close ties with U.S. data agencies and with international organizations that deal in global data.

What do you intend to do during FY 83 to maintain these ties?

Has CEQ interacted with the International Institute for Applied Systems Analysis on global data issues and if so, what is your indication of that Institute's value as an international data resource?

Answer: CEQ has been the lead agency in federal government participation in the OECD State of the Environment Report. In FY 82 we have been coordinating U.S. agency involvement in the Report.

CEQ participated in the September 14-18, 1981, IIASA Nine Global Modeling Forum, "Global Modeling at the Service of the Decision-Maker."

While I have met with the new Deputy Director of IIASA, we have no specific plans for projects with IIASA in either FY 82 or 83 and consequently I cannot give an assessment of the Institute's value as an international data resource.

MONITORING OF COMMUNITY CONDITIONS

Question: Page 7 of your statement contains the following quote:

"The Council will solicit, coordinate and assemble in report form those activities of agencies which are of such environmental significance as to warrant inclusion in an annual report with associated subject material. It will encourage agency collection of local government information and comments on environmental conditions existing in their various jurisdictions which because of their local importance constitutes a reportable condition. Such reports would be monitored to identify recurring conditions in various unrelated locations in order to detect trends and deviations from a base line normality."

Could you please clarify the meaning of this statement for the record?

Answer: We will continue to rely on the resources and expertise of other agencies in compiling the CEQ Annual Report on the state and condition of the environment. Further, we will be looking at deviations from basic trend lines to determine whether such deviations indicate problems of national significance.

CIVIL RIGHTS

Question: On Page 11 of your statement, you list four "key statutory mandates" that can be met under your current budget request. One of these involves the "Enhancement of the Agency's commitment to Civil Rights."

What specific activities do you expect to undertake to "enhance" your commitment?

Answer: We intend to continue our record of improving our performance in the EEO area. Eight of the present staff members are female, and six of those eight are professional staff.

TRAVEL EXPENSE

Question: You are requesting $23,000 for travel.
How much of this is for CEQ Members and how much for staff?
What is the basis of your travel estimates?

Answer: It is not possible at this time to project a breakdown of travel between Members and staff. The basis for the estimate is the Council's historical pattern as to travel.

ANNUAL REPORT

Question: The Council is required each year to transmit to Congress an Environmental Qulaity Report.

How much have you requested for this report in your FY 83 budget?

How does this relate to your FY 81 and 82 level?

How do you account for the discrepancy?

Answer: Of the $926,000 requested for FY 83, approximately $280,000 is for the Annual Report. Of the $280,000, $25,000 is for printing and the remaining $255,000 covers that portion of staff time and agency expenses accruing to the report.

FY 83 is comparable to FY 82, and both years are appreciably below FY 81. This is due to the fact that much of the annual report preparation is being done by experts detailed to the Council for this specific task.

Unlike previous years, much of the annual report preparation is being done and will be done by experts in other agencies detailed to the Council for this task.

INTERNATIONAL ISSUES

Question: In the past CEQ has been involved in international issues such as wildlife management and conservation, reducing pollution in the world's oceans and developing sound natural resource management for third world countries.

What will be the extent of CEQ's involvement in international issues during FY 82 and FY 83?

Answer: The Council is the lead agencies in the newly formed Executive Branch Interagency Global Issues Work Group. The group, chaired by CEQ and operating within the Cabinet Council system, has been inventorying federal government international environmental activities, developing global environmental principles and is currently reviewing the Global 2000 Report.

With the Department of State, we are currently helping to prepare this country's position for the May UNEP Session of Special Character. In FY 82 we have also had contact with UNEP, the OECD, NATO/CCMS, and the IUCN and IIASA. And we participate in interagency work relating to the Arctic, Antarctic, whaling, endangered species, biological diversity, the World Heritage and, as requested, other international issues.

COSTS OF COMMERCIAL GOODS AND SERVICES

Question: Your request contains an increase of $23,000 for "commercial goods and services."

Please provide the FY 82 base figures for the various goods and services purchased by CEQ, the expected FY 82 levels and a brief description of the differences.

Answer: The increase of $23,000 in commercial goods and services is due to the fact that we entered into rental equipment and service agreements in September of 1981 (last fiscal year) to obtain a lower 2-year rate because the agreement term was in excess of 365 days. The contract provided for a short period in FY 81 and all of FY 82, and saved the government money over a one year (365 day)agreement. In that the agreements were totally funded in FY 81, we had no FY 82 expenditure in this area. FY 83 will require a new contract which we anticipate to be approximately $23,000.

SALARIES

Question: The Budget Appendix shows that while your number of positions is the same as in FY 82, the average salary of your ungraded positions has increased from $36,722 to $39,160.

Please explain this increase?

Please provide a salary schedule on your positions for FY 81, 82, 83.

Answer: The average salary increase is composed of three items:

1. Oct 81 salary increase
2. Step increases
3. Promotions

The salary schedule for FY 81, 82, and 83 is as follows:

	FY81	FY82	FY83
Chairman	1	1	1
Members	1	2	2
Sch A	1	1	1
Public Law	6	5	5
GS-18	1		
GS-15	1	1	1
GS-14	1	1	1
GS-13		1	1
GS-12	1		
GS-11	1	1	1
GS-10	1	1	
GS-7	1	1	2
	15	15	15

ACTION AS PRESIDENTIAL POLICY ADVISOR

Question: As part of CEQ's function as Presidential policy advisor, you serve on the Cabinet Council for Natural Resources and Environment and act as one of the Presidential representatives in meetings with citizens and industrial groups.

Please provide, for the record, a chronological list of the meetings that CEQ has attended in each of these areas since October 1, attendance and the purpose of the meeting.

Answer: The Council members and its staff have met with nongovernment groups on numberous occasions.

Since these meetings are not Sunshine Act meetings, no formal records were kept. In addition, since October 1981, the Chairman has met with the following groups:

Environment	38
Business	46
U.S. Government	100
International and Foreign Governments	30

SUBCOMMITTEE RECESS

Senator GARN. The subcommittee will stand in recess until April 20 at 10 a.m. when we will receive testimony from the Environmental Protection Agency.

[Whereupon, at 11 a.m. Thursday, April 15, the subcommittee was recessed to reconvene at 10 a.m. Tuesday, April 20.]

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT-INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1983

TUESDAY, APRIL 20, 1982

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 11 a.m. in room 1224, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn (chairman) presiding.

Present: Senators Garn, Proxmire, and Leahy.

GENERAL ACCOUNTING OFFICE

STATEMENT OF HENRY ESCHWEGE, DIRECTOR, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

ACCOMPANIED BY:

JOHN HUNT, EVALUATOR IN-CHARGE, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

VICTOR REZENDES, GROUP DIRECTOR, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION

HEARING FORMAT

Senator GARN. The hearing will come to order.

Before calling the first witness, I would like to quickly describe the format of our hearings this morning. Our main witness will be the Environmental Protection Agency, appearing to explain and justify their fiscal year 1983 budget request. Before hearing from the Agency's witnesses, we will be taking testimony from the General Accounting Office on the study they have conducted on the Superfund at our request. We will then receive testimony on a 2-day workshop on hazardous waste site selection, also conducted at our request. Finally, we will hear from EPA.

Because of our tight schedule and in order to provide time for each of the members of the subcommittee to ask witnesses questions, I believe we should question in 10-minute rotations. Therefore, I will ask the staff to keep a close eye on the clock and notify each of us when the 10 minutes are up. I don't necessarily believe that this is the best way to run a hearing, but it does provide some equal air time. For instance, I have more than 100 pages of questions for EPA, and I certainly don't expect to be able to ask all of them here today. Obviously,

most of them will have to be submitted for response in the record. I am sure there are other members who have numerous questions they would like to ask.

GAO STUDY OF SUPERFUND

On October 26, 1981, Senator Huddleston and I wrote to GAO to request an examination of the issues surrounding the selection of candidate sites for Superfund action. We also asked GAO to review the progress EPA was making in implementing this important piece of environmental legislation.

You have now completed your review, and I am pleased to have you here this morning to provide the committee with your findings. I see you have a five-page statement which we will be happy to place in the record. You may go ahead with your abbreviated statement. Then I would like to begin the questioning.

[The statement follows:]

STATEMENT OF HENRY ESCHWEGE

Mr. Chairman and Members of the Subcommittee:

We are here today to discuss the results of our review of the Superfund program--a program designed to finance and clean up uncontrolled hazardous waste sites. Implementation of the program during its first 15 months has been hampered by a lack of final policies and guidance. To date, there have been few Superfund-financed remedial action accomplishments.

Background

The Superfund legislation was enacted on December 11, 1980, to confront the cleanup problem posed by uncontrolled hazardous waste sites. The act provides for a $1.6 billion fund to be accumulated from taxes on petroleum and certain chemicals and Federal appropriations over the fiscal year 1981-85 period. The fund is to be used by the Federal Government, primarily by the Environmental Protection Agency (EPA), or a State government to clean up spilled toxic wastes and hazardous waste sites where the responsible party does not take appropriate action. Efforts to recover cleanup costs from the responsible party may be made subsequently. The legislation is structured to complement existing laws governing hazardous waste and encourages responsible parties to voluntarily mitigate the damage from this waste.

The legislation also provides for revision of the existing national contingency plan by June 1981 to include several items, such as methods and criteria for determining the appropriate extent of cleanup actions; a listing of national priorities for cleanup attention; and roles and responsibilities for the various Federal, State, and local governments involved in implementing the legislation.

Before authorizing a Superfund-financed remedial action, EPA must obtain assurances from the affected State that it will: (1) assume operations and maintenance responsibility for all removal and remedial measures that are implemented, (2) provide, if necessary, an off-site disposal facility, and (3) share in the costs of the remedial action.

As you requested, we reviewed the Superfund program to identify issues or problems concerning the selection of candidate sites for Superfund attention; the extent and cost effectiveness of removal, remedy, and other measures at candidate sites; and the ability of State governments to carry out their Superfund responsibilities.

Program Implementation Problems

EPA's implementation of the Superfund program has been hampered by a lack of final policies and guidance. For example, EPA missed the congressionally mandated due date of June 1981 for publishing the revised national contingency plan and the listing of national priorities for remedial action. In early February 1982, EPA officials estimated that both the revised plan and the listing would not be finalized until December 1982, or 18 months later than their established due date. The U.S. District Court for the

14-067 O - 83 - 37

District of Columbia has ordered EPA to publish the plan in final form by May 28, 1982. EPA published the draft plan on March 12, 1982. EPA is now estimating a January 1983 issue date for the national priority list.

On March 11, 1982, EPA issued final guidance describing the assurances that States must provide before Superfund monies can be obligated for remedial actions. Although draft interim guidance, dated August 3, 1981, existed before then, officials from State groups and the four States we visited considered the delays in revising the plan and in providing the final guidance to be the main factors hampering cleanup efforts to date. For example, just prior to the March 1982 publication of the draft plan and final cooperative agreement guidance, the National Governors' Association issued a resolution stating "* * * due to the absence of program guidelines and clean-up standards, the national program is stalled. States, many of whom had active clean-up programs before Superfund was enacted, are reluctant to take action." The National Conference of State Legislatures estimated that funding for Superfund actions may be a problem for the immediate future since many State legislatures have already adjourned without allocating specific sums for their share of Superfund-financed remedial action costs.

Limited Number of Facilities Are Eligible for Remedial Action

Although the Superfund legislation required a national priority list of at least 400 sites by June 1981, EPA was only able to provide an interim list of 115 sites and then only by October 1981. EPA decided to develop the interim priority list because it realized that the legislatively mandated deadline would not be met. In EPA's view, the interim list was beneficial in that it started the Superfund site cleanup program moving and provided valuable experience in implementing a site prioritization system.

To determine which sites would make the interim list, EPA developed a Hazard Ranking System. The system is designed to score a set of factors, such as potential contamination of ground water or surface water and the amount and toxicity of hazardous waste at the site.

States and EPA regions were allowed wide discretion in selecting sites for scoring. Because there was limited time to gather data, the sites selected were generally those for which data were already available. EPA officials could not provide an estimate of the total number of sites actually considered for the interim list. EPA records showed, however, that at least 3,500 of nearly 9,600 identified sites lacked preliminary assessments. These assessments involve the collection of available background information without actually visiting the site. The States and/or EPA regions applied the Hazard Ranking System to about 282 sites and submitted the site scores to EPA headquarters as candidates for the interim list. These 282 sites largely represent sites the States believed should be considered for Superfund attention.

When EPA uncovered problems concerning the nationwide consistency of the scoring system's application, the top 175 of these sites were rescored and then reconsidered for the interim list. EPA did not rescore all 282 sites since the list was already late and it believed that the top 175 would yield a good top 100.

Examples of the problems found during the scoring process included measuring and documenting waste quantity at a site and determining the affected target population. EPA officials told us that these problems can be alleviated by additional training, guidance, and possible changes to the scoring system. They plan to address such issues before site scoring for the national priority list is performed later this year.

Of the 115 sites selected, 94 were selected on the basis of score alone, while 21, which scored too low to make the list, were added as State-designated top priority sites. The Superfund act allows EPA the latitude to make such additions. The scoring/selection process showed that the interim list does not necessarily represent the worst sites in the Nation or the States. Rather, it represents high scoring problem sites plus State top priority sites. Until the national priority list of at least 400 sites is finalized, the number of facilities eligible for Superfund-financed remedial action is limited to the 115 sites on the interim list.

National Hazardous Waste Site Inventory Does Not Exist

Although EPA has two primary data bases on uncontrolled, abandoned, or inactive hazardous waste sites, it lacks a national inventory of the total number of such sites existing in the Nation. As of February 28, 1982, EPA listed about 10,300 sites in its Site Tracking System data base. At the same time EPA also listed in another data base some 9,200 sites that were reported under section 103(c) of the Superfund legislation, which required certain persons to notify EPA by June 1981 of the existence of sites where hazardous wastes had been stored, treated, or disposed. Although these data bases had not been reviewed to determine whether duplicate sites existed, EPA officials estimated that by the end of May 1982 both data bases would be screened and merged to arrive at the overall number of sites known or reported to EPA. This number will not represent the total number of such sites existing in the Nation since a comprehensive national State-by-State inventory has not yet been compiled.

In our November 1980 report "Hazardous Waste Disposal Methods: Major Problems With Their Use," (CED-81-21) we recommended that EPA initiate such a comprehensive national inventory. EPA responded in March 1981 that although nearly 8,000 potential uncontrolled hazardous waste sites had been identified, a single thorough assessment of the universe of potential problem sites did not exist. Until such an inventory is compiled, the full extent of the Nation's uncontrolled hazardous waste site problem will remain unknown.

Congress authorized $20 million for such an inventory in its 1980 amendments to the Resource Conservation and Recovery Act. The Administration has not requested the available funding from the Congress. The States, however, believe funding is needed to adequately inventory and assess sites as to their potential for becoming Superfund candidates.

Site Cleanup--A Lengthy and Flexible Process

As of April 9, 1982--nearly 16 months since Superfund was enacted--there were few Superfund-financed remedial action accomplishments. EPA plans to spend about $43.1 million ($36.8 million from Superfund, $5.8 million under the Resource Conservation and Recovery Act, and $.5 million from other sources) for remedial action activities at 40 of the 115 sites on the interim priority list. Cooperative agreements have been signed for 11 of these sites--5 are Superfund-financed while the remaining 6 are funded with Resource Conservation and Recovery Act monies--and 25 others are under negotiation. EPA reports showed that $15.4 million from all funding sources had been obligated for site remedial activities. This included 27 investigation/feasibility studies, 7 engineering designs, and 1 construction project.

Based on EPA's estimate that it will take 3-years or longer to complete the necessary investigation/feasibility and design studies and actual construction for a typical site, the Superfund program will be approaching its fifth year in 1985 before at least a sizeable portion of the interim priority list sites will be cleaned up. Using the same EPA estimate, it would be January 1986 or later before many of the 400 or more sites on the national priority list are cleaned up. EPA estimates that only 170 Superfund-financed cleanups will be performed during the life of the fund.

EPA intends to use a flexible approach in determining the degree of cleanup required at sites. This approach is outlined in the current draft of the national contingency plan but is subject to change as a result of public comments. According to the draft plan, any appropriate standard or criteria will be considered in determining cleanup levels, along with other technological and environmental factors.

Given this lengthy and flexible process, EPA will have few cleanup experiences to report by December 1984 when it is required to provide such information to the Congress. Areas to be discussed in the report include a projection of any future funding needs remaining after September 30, 1985, when the authority to collect taxes expires.

Obligations Lag Behind Approved Spending Levels--Trust Fund Balance Growing

Lack of available funding for Superfund activities is not a cause for limited program accomplishments. In fact, Superfund obligations lag far behind the spending levels appropriated by the Congress. As of March 31, 1982, EPA reported cumulative obligations of $83.9 million for all Superfund activities, including both emergency removal and remedial actions and other program costs, financed in fiscal year 1981 and the first 6-months of fiscal year 1982. EPA's appropriation for this period was nearly $265 million ($74.7 million for fiscal year 1981 and $190 million for fiscal year 1982). EPA, therefore, has about $181 million available for the remaining 6-months of fiscal year 1982. Of course, unused funds can be carried forward to the next fiscal year.

As of March 31, 1982, the Treasury Department estimated that Superfund had about $303 million credited to it from tax revenues and other receipts, such as general revenue appropriations and interest income. Actual EPA expenditures were $38.3 million leaving a fund balance of about $265 million. During the first 6-months of this fiscal year, the fund balance increased an average of over $21 million each month.

Mr. Chairman, this concludes my statement. We will be pleased to respond to your questions.

INTRODUCTION OF WITNESSES

Mr. ESCHWEGE. Thank you very much, Mr. Chairman.

I would like to introduce my colleagues who are here with me this morning. On my left is Vic Rezendes, our Group Director, and on my right is John Hunt, our Evaluator In-Charge.

OPENING STATEMENT

Very briefly, Mr. Chairman, EPA's implementation of the Superfund program has been hampered by a lack of final policies and guidance. For example, EPA missed the congressionally mandated due date of June 1981 for publishing the revised national contingency plan, and only recently issued final cooperative agreement guidance. Officials from State groups and the four States we visited considered the delays in revising the plan and providing the final guidance to be the main factors hampering cleanup today.

Although the Superfund legislation required a national priority list of at least 400 sites by June 1981, EPA was able to provide an interim list of 115 sites, and then only by October 1981. Of the 115 sites selected, 94 were selected on the basis of score alone, while 21 which scored too low to make the list were added as State designated top-priority sites. In addition, EPA still lacks a national inventory of the total number of uncontrolled hazardous waste sites existing in the Nation. Until such an inventory is compiled, the full extent of the problem will remain unknown.

As of April 9, 1982—nearly 16 months since Superfund was enacted—there were few Superfund-financed remedial action accomplishments. EPA estimates that only 170 cleanups will be performed during the life of the fund.

Finally, lack of available funding for Superfund activities is not a cause for limited program accomplishments. In fact, Superfund obligations lag far behind the spending levels appropriated by the Congress.

I appreciate your putting our statement in the record and I am prepared, together with my colleagues, to respond to any questions you may have.

Senator GARN. Thank you.

SUPERFUND SITE INVENTORY

In addition to your prepared statement for today's hearing, you were asked to assist the subcommittee staff in listing various Superfund issues. This listing contains several issues on which the States have expressed concern, such as funding, No. 8, and the lack of a site inventory, No. 5. Could you briefly describe the types of concerns expressed by the States in these areas?

Mr. ESCHWEGE. Well, prior to the issuance of the draft national contingency plan and the final cooperative agreement guidance, many States' concerns focused on the lack of final policies and guidance to implement the program. Now that these documents have been finalized or are on the verge of being finalized, much State concern is centered on the funding issues. For example, due to lack of program guidance and uncertain requirements, many States could not seriously consider budgeting cleanup funds during this past legislative session. The National Conference of State Legislatures told us that some 20 State legislatures have already adjourned as of the end of March, or did not have regular sessions, and another 11 are due to adjourn by the end of this month. Therefore, unless funding was included in the State budget or the State has a contingency fund, many States will probably lack the needed resources to pay matching costs for cleanup activities, at least in the immediate future.

Another concern expressed by the States related to both site inventory assessment work and the funding to do such work. The States indicated a lack of needed funding to perform site inventory assessment activities.

Further concerns relate to the fact that States are sometimes constrained by constitutional prohibitions against long-term indebtedness; in other words, committing themselves to long-term debts, and there is concern that planning studies at sites may be performed but construction may not follow after that because EPA may finance the planning, but then decide not to go ahead with the remedial action. This is the so-called balancing test which is provided for in the act.

Also, the financing of future operations and maintenance costs, which the final guidance says has to be provided by the States, is a problem to the States.

Another concern is meeting the cost-sharing requirements with cash as opposed to in-kind contributions, which the States would have preferred.

SUPERFUND PROGRAM DELAYS

Senator GARN. Since Superfund was passed, there have been a number of program delays. Could you describe the major delays such as the drafting of the national contingency plan, which is No. 7 on the list, and provide some insight as to the reasons why these delays occurred?

Mr. ESCHWEGE. As you pointed out, the national contingency plan is probably the biggest concern, and the draft plan was published last month. There is an extensive chronology showing an early development of the plan. For example, there were March, May, and October 1981 drafts of the plan. In March 1981, EPA estimated it could finalize the

plan's revision by July 1981, which would have been only 1 month late. However, in May 1981, EPA announced that public meetings on the draft revision were postponed pending publication of the proposed plan in the Federal Register. During testimony in July 1981, the EPA Administrator stated that the publication of the plan should come in the summer or fall of 1982.

Superfund program officials attributed the delay to several other items as well: The complexity of the issues, such as stretching the state of the art, so to speak; lack of a confirmed Assistant Administrator for the Office of Solid Waste and Emergency Response; and the fact there was a new administration which needed to reassess the policies. There were also delays involving coordination with members of the national response team and the need to streamline the regulations in line with the President's views on regulatory reform.

I might add a couple of other things. A second area where delays have occurred is enforcement. Although we did not focus in this review on enforcement, we did note that it took quite some time to get the enforcement aspect of the Superfund program geared up.

And finally, a third area involves the cooperative agreement guidance. It took EPA 7 months to finalize its August 1981 draft interim guidance, and it was published, finally, in March 1982. This 7-month period was spent deciding primarily what are the appropriate State matching costs and maintenance costs. We recognize these were tough decisions for EPA to make.

Mr. HUNT. Mr. Chairman, I would like to add that another program delay was the lack of the national priority list which the legislation required by June 1981. EPA did, however, come out with an interim priority list of 115 sites in October 1981. Those 115 sites are the only ones eligible for remedial action funding at this time.

Senator GARN. What are the remaining Superfund milestones that you feel need to be accomplished and your observations on them?

Mr. ESCHWEGE. An example of the first is the finalization of the national contingency plan. Hopefully, EPA will meet the court-ordered May 28, 1982, deadline for this. But there is also a need to issue supplemental technical guidelines to provide additional standards and criteria which are to accompany and expand on those contained in the national contingency plan.

Another area is the publication, as Mr. Hunt just mentioned, of the national priority list of at least 400 sites, as the legislation provides.

And fourth—and this is in the future—the issuance of the December 1984 report on implementation experience. This report is required by the act. As we point out in our longer statement, EPA may have only limited cleanup experience to report on because a lengthy cleanup process has been estimated by EPA. So it will not have too much in the way of information by December 1984.

APPROPRIATIONS FOR SUPERFUND

Senator GARN. Obviously the committee is very interested in the resources that are devoted to the Superfund program. Has the availability of appropriated funds been a problem?

Mr. ESCHWEGE. No; it has not been. Despite the early availability of Resource Conservation and Recovery Act funds in establishing the Superfund program, EPA has been kind of slow to obligate appropriation amounts authorized. Just to give you some figures, even though $265 million was approved for appropriation during fiscal years 1981 and 1982, only $83.9 million in obligations and $38.3 million in outlays were incurred by March 1982. In order to obligate authorized budget levels in fiscal year 1982, EPA would have to obligate the funds over four times faster during the last 6 months of this fiscal year than it did during the first 6 months of the year. Of course, I should add that the funds that are not obligated in this fiscal year can be carried forward.

Increasing tax revenues to the fund have resulted in a large unused balance. As of March 1982, the Treasury Department estimated that Superfund had $303 million credited to the fund from tax revenues and other receipts, with actual EPA outlays of only $38.3 million. This leaves a fund balance of about $265 million. What we are really saying here is that during the first 6 months of this fiscal year the fund balance increased an average of over $21 million per month. So there is plenty of money. That is not the problem.

SUPERFUND STAFFING

Senator GARN. Did you determine whether EPA is adequately staffing the Superfund program?

Mr. ESCHWEGE. No, we did not. However, we did note that EPA used 75 work-years—we like to talk in terms of work-years rather than people—in fiscal 1981 and they expect this, according to the budget, to increase to 584 work-years in fiscal year 1982. That is quite an increase.

Senator GARN. I would like to take a look at this staffing question in order to determine if program delays could be directly attributed to insufficient staffing and whether these conditions still exist.

INSPECTOR GENERAL'S REVIEW OF SUPERFUND

Mr. ESCHWEGE. Mr. Chairman, we understand that EPA's Inspector General's Office is currently reviewing Superfund budget procedures. As part of their effort, we understand they intend to review the adequacy of the budget, including the staffing issues. They are still in what they call a scoping mode and they have not really decided yet whether they are going to go in for a full audit, but that decision is expected in about a month. We would be glad to work with them, monitor it, and stay on top of it and see if they will address this appropriately. If there are any additional data that you would then need after they get done, we would be glad to provide that.

Senator GARN. Thank you.

Senator Leahy?

Senator LEAHY. I have no questions, Mr. Chairman. Thank you. I know you are under a tight schedule.

SUBMITTED QUESTIONS

Senator GARN. I have some additional questions that I would like you to answer for the record. We thank you for your testimony today.

Mr. ESCHWEGE. Thank you.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Garn

Question: Now that EPA has issued the draft national contingency plan and final cooperative agreement guidance, do you believe Superfund's implementation will be improved?

Answer: Implementation should be improved in our opinion. Prior to the issuance of these documents, the States kept asking questions like what are the standards, what guidelines will be applied, how much State matching funds are needed for a site and does it cover only construction, and will operation and maintenance costs be shared between the States and Superfund. Until recently those questions went largely unanswered. EPA has now established the formal ground rules for the Superfund program. There is no longer a question of what is the policy of EPA. We are hopeful that the program's implementation will be enhanced by the finalization of these documents.

Question: How would you assess the initial scoring process EPA used to arrive at the interim priority list of 115 sites?

Answer: Most EPA, State, industry, and interest group officials we contacted concluded that the Hazard Ranking System was an adequate tool and the only available tool at the time to score the wide variety and complexity of site situations found throughout the Nation. These officials added, however, that like any other model, it is less than perfect and can be improved. Many of these improvements or changes were discussed during the recently completed March 19-20, 1982, Office of Technology Assessment workshop on selection of hazardous waste sites for Superfund funding.

In terms of EPA or the States' use of the scoring system at sites, there were problems related to the system's application and interpretation. For example, the selection of appropriate waste quantity and target population factors along with training needs were often cited as primary problem areas.

EPA did recognize that this initial scoring process could result in problems of nationwide consistency of the system's application. The EPA regions performed initial quality control/quality assurance on their candidate submissions prior to a headquarters conducted reexamination on 35 site scores from the original 282 candidates submitted. Because of numerous problems uncovered, a second rescoring effort was conducted on the top 175 scoring sites.

This quality control/quality assurance effort devoted to developing the interim priority list shows that additional training and guidance are needed before the scoring system is used for the national priority list. EPA officials told us that they plan to address these issues and any other public comments on the Hazard Ranking System before the national priority list of at least 400 sites is scored later this year.

Question: You obviously do not consider the interim priority list as representing the Nation's 115 worst sites. Why is that and how might these problems be avoided in the future?

Answer: The interim priority list represents 115 problem sites--not the 115 worst sites in the Nation or the worst sites in each State. Using the Hazard Ranking System as a gauge, the highest scoring site on the list was 78.97 while the lowest was 3.01. The list, in fact, represents the worst sites "considered" for the program. For example, Texas submitted only abandoned sites with no responsible party. New York submitted sites where some information was available and owner compliance was not obtainable. Both Texas and New York tended to submit sites where cleanup without Superfund did not appear likely.

There is no systematized way to arrive at how 282 candidate sites were selected and submitted from the nearly 9,600 sites that were listed on EPA's Site Tracking System as of June 30, 1981. The States submitted sites that were known problems and where data existed to apply the scoring system.

In the future we believe EPA and the States need to do more site discovery, investigation and assessment work to determine which sites appear to be the most worthy candidates for the Superfund program.

Question: Your testimony mentions that 21 sites scored too low to make the list, yet they were added as State-designated top priority sites. Although the legislation allows for such an interpretation, is a change likely to result in the selection of higher hazard sites?

Answer: Of 42 State-designated top priority sites on the interim list, 21 had scores which failed to justify their inclusion on the interim priority list. For 19 of these 21 sites, the site was the only one listed from that State. The scores for these sites can be summarized, as follows:

--8 had scores which ranked them between 100 and 175;

--8 had scores which ranked them over 175;

--4 were not submitted in time to be considered on the basis of score alone; and

--1 lacked adequate data to be scored.

As a result of EPA's inclusion of these 21 low scoring sites on the interim priority list, other higher scoring sites were precluded from making the list. For example, both the Fort Lincoln Barrel Site in Washington, D.C. (score 3.01) and the Walcott Chemical Company Warehouses in Mississippi (score 3.95) are on the list, while sites such as King of Prussia in New Jersey (score 32.58), Old Sinclair Refinery in Oklahoma (score 32.07), Gurley Pit in Arkansas (score 28.60), and Krysowaty Farm in New Jersey (score 25.40) did not make the list.

If low scoring State-designated top priority sites were excluded from automatically being added to the priority list,

other sites which appear to be more hazardous, based on the Hazard Ranking System, would be added to the list. Currently, the legislation gives EPA the latitude to add State top priority sites.

Question: Does anyone really know how many sites are eligible for Superfund in the U.S.?

Answer: No one knows at this time, since a single national inventory does not exist. EPA has cited various numbers ranging from 9,200 to 12,000. These numbers represent sites where EPA plans to conduct preliminary assessments or sites reported under the act's section 103(c) notification requirements. Thousands of these sites have not had any attention other than their listing as a potential site that needs to be assessed to determine if a hazardous waste problem actually exists. For example, of nearly 10,300 sites listed in EPA's Site Tracking System data base as of February 28, 1982, over 3,500 lacked a preliminary assessment--collection of available background information without actually visiting the site. Using the section 103(c) data base, EPA reported that as of December 31, 1981, only 2,534 of the 9,200 sites had had a preliminary assessment or other preliminary investigation conducted. Furthermore, EPA had recommended no further action at only 1,631 of the 9,200 sites.

Question: What purpose would be served by having a comprehensive national inventory of uncontrolled, abandoned, or inactive hazardous waste sites?

Answer: Until a single national inventory is compiled, the full extent of the Nation's uncontrolled, abandoned, or inactive hazardous waste site problem will not be known. Such an inventory is needed for effective decisionmaking.

We recommended that a comprehensive national inventory be compiled by EPA in our November 1980 report "Hazardous Waste Disposal Methods: Major Problems With Their Use" (CED-81-21). EPA responded in March 1981 that as a result of the October 1980 amendments to the Resource Conservation and Recovery Act and the enactment of Superfund, it was expanding its efforts to compile a national inventory. To date, however, this comprehensive inventory has not been compiled.

Question: Your testimony indicates that the typical cleanup project will take 3-years or longer to complete the necessary investigation/feasibility and design studies and actual construction for a typical site. What are the projected costs for these activities?

Answer: Once a site is ranked on either the interim priority list or the national priority list, EPA estimates a lengthy and costly cleanup process. For example, the typical cleanup project will take 3-years or longer and cost $5.8 million.

The investigation/feasibility study phase is expected to take 18 months and cost $750,000. It involves a number of activities, such as preparing the investigation plan; conducting geophysical, hydrological, air, and ground water studies; selecting and screening alternatives; and holding public meetings.

During the remedial design phase, which is expected to take 9 months and cost $520,000, the major activities are the preparing of technical specifications, bid documents, cost estimates, safety plan, and operations and maintenance manual. The actual construction phase of a cleanup project is expected to take 9 months or longer at a cost of $4,500,000.

Question: You indicate only 170 Superfund-financed clean-ups will be performed over the life of the fund. What is the projected cost for these clean-ups?

Answer: EPA's projected remedial action activities for the Superfund program include the construction of 170 Superfund-financed cleanup projects at an estimated cost of $765 million. Prior to such construction a number of other activities must be performed. Based on a review of EPA's budget and planning documents and discussions with EPA officials, these activities and associated costs are:

Activity	Projected Number	Projected Costs (millions)
Preliminary Assessment	11,560	$ 11.6
Inspection	3,200	16.0
Investigation	520	14.0
Full Field Investigation/ Feasibility	193	144.8
Design	170	88.4
Construction	170	765.0
Total		$1,039.8

Question: Why are EPA's Superfund obligations lagging so far behind the levels appropriated?

Answer: We do not know. The reasons generally given by EPA are that this is a new program, which takes time to get off the ground. EPA is now 16 months into the 5-year Superfund program. The difficult question to answer is whether more than $84 million should have been obligated by March 31, 1982.

We can understand some of this because EPA went until June 1981 before receiving a $68 million supplemental appropriation. However, since then another $190 million was appropriated for fiscal year 1982. EPA officials told us that program obligations should increase during the third and fourth quarters of this year.

OFFICE OF TECHNOLOGY ASSESSMENT

STATEMENTS OF:

JOEL HIRSCHHORN, PROJECT DIRECTOR, OFFICE OF TECHNOLOGY ASSESSMENT

SAM GUSMAN, SENIOR ASSOCIATE, THE CONSERVATION FOUNDATION

SUPERFUND WORKSHOP

Senator GARN. On March 19 and 20, the Congressional Office of Technology Assessment assisted the subcommittee in conducting a workshop on the procedures and criteria used for selecting hazardous waste sites. Participating in this workshop were individuals from EPA, State governments, GAO, industry, universities, and environmental groups.

I am pleased to welcome you here this morning to discuss some of the issues that were raised and conclusions reached by the participants. I would appreciate it if both of you could summarize your opening remarks, and then we will be happy to include your complete statements in the record, if you would like to proceed.

[The statements follow:]

STATEMENT OF JOEL S. HIRSCHHORN

Mr. Chairman and Senators, my statement responds to your request to summarize the findings of the special two day workshop sponsored by your Committee. The subject of the workshop was the selection of abandoned hazardous sites for funding under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), better known as Superfund. Because of our ongoing assessment on nonnuclear industrial hazardous waste and our preliminary analysis of the site selection procedure used by EPA, the Office of Technology Assessment was asked by your Committee to assist in the organization and planning of the workshop, as well as to participate in it.

Appended to this statement is a list of the workshop participants and observers. I want to emphasize that there were participants from the diverse groups vitally concerned with the use of Superfund resources, including industrial companies who generate hazardous waste, firms associated with the disposal of waste, engineering firms doing remedial work on sites, those representing the public interests, State waste management officials, the General Accounting Office and EPA.

The objective of the workshop was to discuss ways in which the hazardous waste site selection process could be improved to make sure that the limited funds available would be spent efficiently and effectively to protect public health and the environment. The tone of the discussions was kept on a positive track aimed at providing EPA with constructive suggestions.

Faster Action

The element of greatest consensus was the need for faster remedial action using Superfund resources. While there was strong interest in improving the site selection process, almost everyone agreed that such efforts should not lead to any further delays in the allocation of funds and remedial action. Industry wants to see the fees being collected spent to allay the public's concerns over the risks from abandoned hazardous waste sites. The States believe there must be a greater sense of urgency at EPA over spending CERCLA funds. There was an expression of concern over the loss of spending power due to inflation while CERCLA funds made available to EPA remain unspent, particularly as these funds surely will not be sufficient to deal with all the sites that require attention. Moreover, there are those who fear that there may be a strategy of not spending the funds in order to amass sufficient unspent monies to stop collecting the fees in 1983 or 1984, according to the provisions in the law.

A New Administrative System

The second area of considerable agreement was the need to use a more efficient, effective and equitable administrative system for devising the National Priority List required by CERCLA. A system was designed during the workshop to incorporate the Mitre model, or Hazard Ranking System, already

being used by EPA. However, the new system would add several other activities and characteristics to the site selection process, including:

(1) using of sublists that would clearly identify the type of action being pursued by EPA for sites, such as immediate remedial action, administrative action (e.g. voluntary compliance, enforcement), further investigation of the site, and further analysis to determine the best path; frequent review and updating of the sublists to permit movement from one sublist to another would be an important requirement;

(2) notification of potentially liable parties, after submission of the site by a State and analysis of the site with the Mitre model; this would provide an opportunity for submitting new data on the site and its impacts on public health and the environment before EPA announced its decision on the site;

(3) using explicit management criteria after the initial screening with the Mitre model; such criteria would include quality of data used in the analysis, State preparedness to supply necessary funds, potential availability of other sources of cleanup funds, degree of hazard of the site and certain legal issues;

Sublists

OTA believes that the potential benefits of the use of sublists for the National Priority List are great and would not require additional funding to implement. For example, all interested parties, particularly the public and Congress, would know how many and what sites have been designated by EPA for cleanup with CERCLA funds. This would be in contrast to the current situation in which there is considerable uncertainty as to EPA's decisions and intentions. There would be much better information on the present and future use of CERCLA funds. In addition to this benefit, workshop participants also anticipated that sublists would clarify the management responsibilities of the States. Another important benefit to companies concerned about their liability would be the more equitable treatment of sites resulting from sublists associated with actions other than cleanup or enforcement.

There was also agreement that ranking of sites within the sublists would not likely offer any benefits. It was also noted that the law allows EPA to designate more than 400 sites, and that this might make sense if sublists were used. Moreover, the adoption of the entire new system, including sublists, could be applied immediately. Sites on EPA's interim list of 115 could be put into the system, as EPA must make the types of distinctions associated with sublists anyway.

State Preparedness

A topic of considerable discussion at the workshop was State preparedness. Many of the participants felt that EPA currently places too little emphasis on evaluating State preparedness to fund and to act on a site, with the result that too many sites have already been put on the interim

priority list that may not receive attention because of a lack of State preparedness. While it is important to recognize the benefits of putting a site on a priority list in order to stimulate State preparedness and to alert the public, it would be inefficient to crowd out high risk sites for which States are more prepared to act to insure cleanup. The new proposed system would deal with both sides of the issue. However, one of the obstacles to improved State preparedness pointed out at the workshop is the lack of Federal funding to the States to obtain a better data base. Specifically, it was noted that EPA has chosen not to fund under RCRA the mandate to have the States develop a Hazardous Waste Site Inventory which would describe the location of each site within the State at which hazardous waste has at any time been stored or disposed of. The $20 million authorized in RCRA for this activity by the States has never been sought by EPA.

Mitre Model Improvements

Another important area of agreement among workshop participants was the ability to refine and improve the application of the Mitre model rather than creating a new analytical device. The main concern was the need to introduce more flexibility by clearly using the relatively simplistic Mitre model only as a primary screening mechanism rather than the basis for decisions concerning placement of sites on a priority list. Moreover, the use of the Mitre model could be improved by providing better guidance to the States as to what types of data are to be used, what types of adjustments can be made under specific circumstances, and by promoting the use of additional data supplied by the private sector such as, for example, actual concentrations or doses of hazardous substances reaching people as a result of releases from a site. EPA could also fund activities to improve the training of those State personnel using the Mitre model.

The following are some particularly cogent examples from the workshop of how technical data in the Mitre model could be improved:

(1) the score for waste quantity should reflect the amount of hazardous wastes currently regulated, rather than the total amount of waste present much of which may be nonhazardous;

(2) the score for waste characteristics should not be a reflection of trace contaminants of very hazardous substances that could by themselves pose little threat to public health and the environment;

(3) the score for the population at risk should not be the immediate population within some relatively small radius of the site, but rather some measure of the number of people at risk as determined from analysis of the transport and fate of potential or actual releases from the site, including indirect effects such as through the food-chain and the use of contaminated drinking water by distant populations; this would also reduce the bias against remedial action at rural sites.

Improved Efficiency and Awareness

The use of the proposed new management system, including sublists and improved Mitre model application, could reduce the number of false negative results; that is, the absence of sites on the priority list that in fact present serious threats to public health and the evironment. EPA indicated that out of the 282 sites considered as candidates for the interim priority list, somewhere around 8 to 10 should have scored high enough to be on the interim list but did not. If that error rate should exist for the 800 or so sites to be considered for the final priority list as part of the National Contingency Plan, then a substantial number of high risk sites would not receive any attention.

Finally, there was concern expressed by the workshop participants over the public perceptions of the nature of the sites on any EPA priority list meeting CERCLA requirements. There appears to be confusion over whether or not such priority lists represent the worst hazardous waste sites in the nation. In fact, such lists are designed to identify only those sites which the States select that are eligible for CERCLA funds. Sites that may receive remedial attention by the States themselves or by private companies and may pose greater threats to the public would not receive the type of publicity that sites on a national priority list receive.

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Statement of Sam Gusman

A workshop was held on March 19-20, 1982 under the sponsorship of this subcommittee. The purpose of the workshop was to create a record that would provide guidance in deciding issues of funding for Superfund. This is a brief report of the results of the workshop, which I chaired.

My name is Sam Gusman. I am a Senior Associate at The Conservation Foundation and I direct its program on Policy Dialogue and Negotiation. The Conservation Foundation is a nonprofit organization with a more than thirty year history of balanced policy research on conservation issues; the Policy Dialogue and Negotiation program is solely committed to research, outreach and facilitation of dialogue and negotiation on environmental and health policy issues. The program seeks better ways of dealing with such policy issues, by creating forums in which leaders of business, government, labor and public interest groups can reason together to define areas of agreement, to narrow the scope of disagreements and, when appropriate, to negotiate their differences.

1. The Process Used at the Workshop

The workshop which this subcommittee sponsored is example of an innovative approach toward starting policy dialogue. Mr. Berger of the subcommittee staff noted that the almost twenty attendees at the workshop came from nine different states and represented a broad spectrum of interests: state governments, federal government, Congress, universities, industry, and environmental groups. He also stated, at the start of the workshop, his hope that it would provide guidance by informing the subcommittee of the variety of opinions, conclusions, and recommendations regarding the site selection issue under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund). Mr. Berger also stated, first, that the committee would print a summary of the record of the two day workshop and, second, that as its chairman I would today summarize the results.

Following introductory remarks by EPA representatives, the workshop had four major parts, each of which was discussed for half a day:

- What goes into the site ranking system (what data? on what sites? who gets the data?);
- Use of the Mitre model or modifications of it to create lists of priority sites;
- General problems in processing and analysis of information (alternate methodologies); and
- Relationships between priority listing and funding.

For each of the four segments, the process used at the workshop was to spend about two hours in informal off-the-record discussion. This gave the attendees a way to learn about each other's concerns and interests, and to explore alternate ways of looking at the issues. I then asked a small number of attendees to

summarize on-the-record the results of the informal discussions. This was followed by an opportunity for individual on-the-record comments by any of the attendees. This process was repeated for each of the four segments of the workshop.

The on-the-record report of the workshop is in my opinion a fair reflection of the entire proceeding, but it is quite lengthy. The purpose of this testimony is to highlight the points that seemed to be most significant. In making this report, I would like to emphasize at the outset that in contrast with the other attendees at the meeting, I am not an expert on the issues. Neither am I an advocate of any particular point of view. My role was to facilitate the conduct of the meeting and my purpose today is to describe its salient results.

2. Background Report by EPA

EPA, in a background briefing that started the workshop, stated that it is aware of about 11,000 sites. With this large number of sites, EPA visualizes a multi-stage process by which sites are selected for funding. First, there is a preliminary screening process. The goal is not only to identify emergency situations and candidates for a Superfund remedial program, but also candidates for enforcement and voluntary clean-up. The preliminary process screens out about two-thirds of the sites. Next is a more intensive look at the remaining sites on the basis of considerations such as the type of waste, and discharges into groundwater, surface water or air, that is, basic information. The next step is "national priorities ranking" using a model, called the Mitre model, to perform the ranking of sites Once ranking is performed, a series of decisions is envisioned by EPA before money is spent for site clean up. The decisions are viewed by EPA as a balancing of voluntary clean-up, enforcement and use of the Superfund. Actions to use the fund are expected to come only from the national priorities list; it is now estimated that about 50 of the 115 currently listed sites can be considered for Superfund funding. The remainder are likely to be headed toward voluntary clean-up or legal action.

Parenthetically, let me mention that I have used the word "sites" to designate candidates for attention. EPA uses the word "releases" instead, in part because "sites" does not easily describe all of the situations of interest, such as sediments in rivers or hundreds of miles of roadside contamination in North Carolina. But the word "sites," despite its defects, does convey the impression of a place at which there is a problem. Workshop attendees seemed mostly to use the word "site," and I will use it here.

The introductory EPA remarks next turned to the system used to select sites for listing. EPA explained its intent to favor objective criteria, stating that "it was not possible to simply allow the use of judgment in doing this." EPA also decided that in evaluating risk it would not take into account political, social or economic considerations in its evaluations. Further, EPA decided that state priorities would be considered separately.

After examining existing priority action systems and deciding that none was satisfactory, EPA decided to develop a new system dealing with the five most frequently occurring problems:

- o groundwater contamination;
- o surface water contamination;
- o air pollution;
- o fire and explosion; and
- o direct contact.

The EPA system, based on the Mitre model, seeks to use measurable, inexpensive, commonly available data as a basis for a scoring system ("model"). The data elements must also have a strong relationship (direct or inverse) to risk. EPA also decided to use a consistent set of data for all sites across the country. EPA decided that a certain (specified) minimum amount of data was necessary to evaluate a site. Also, EPA chose for the present not to take into account more detailed data, where they exist, than called for by the model.

The data are combined mathematically by the model to calculate a single score for each site. A site's score determines its priority. It was on the basis of such scores, followed by adjustment to take into account the states' top priority sites, that the present list of 115 sites was constructed. EPA staff expressed the view that the results were satisfactory, saying, "That doesn't mean it was perfect, but we got good results."

3. What Goes Into The Site Ranking System

At the first session of the workshop, attendees expressed a number of general concerns about EPA's site ranking system, before starting discussion of the data that go into the system. Many of these general concerns, listed below, were also dealt with later in the workshop:

- o the time it is taking to actually start the funding of clean-up actions;
- o The amount of data required to perform a meaningful evaluation--which may be more (or less) than that called for by EPA's system;
- o cost of acquiring data, estimated by EPA to be about $25,000 or more per site;
- o Funding of state work to develop data;
- o Public anxiety when a site is listed (presumably because of risks associated with the site) but does not become the subject of clean-up action;
- o Listing of sites in states that are not ready to proceed, for example, because they do not provide ten percent of the funding; and
- o the magnitude of the overall problem.

(A) Expectations for Remedial Action at Listed Sites

Expectations about remedial action at listed sites was the first major area of concern dealt with at the workshop. One participant noted that the listing of a site can have both positive and negative effects. On the one hand, the mere fact of listing may induce clean-up activities that would not otherwise occur. On the other hand, some listed sites may never be cleaned up, for example, because of funding limitations; meanwhile, people near such sites are likely to have developed expectations about clean-up. A site on the list is likely to have a constituency form around it, expecting something to happen at the site. The impact of the listing itself was emphasized by a number of participants.

One participant noted that the public attention to listed sites can have effects that include:

- o creating the attention that leads to funding of clean-up;
- o focusing attention of the states on a finite list of problem sites which, if the list is a good one, are worthy of attention;
- o focusing public attention on what is or is not being done at the sites;

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- o creating the attention that leads to funding of clean-up;
- o focusing attention of the states on a finite list of problem sites which, if the list is a good one, are worthy of attention;
- o focusing public attention on what is or is not being done at the sites;
- o providing an incentive for any states which might otherwise ignore a site on the list to take action.

Hence, this participant emphasized the value of having a site on the list even if a state would not like to have it listed. The role of the states vs. the federal government in listing of sites was a controvertial issue.

(B) Flexible Data Requirements

Many participants expressed the view that the Mitre model used by EPA requires only "bare bones" data, and that additional data--such as the concentration of toxic components in a waste or the persistance of compounds--cannot be considered in the present system. Such additional information can be critical for risk assessment. Presuming that such additional information will be necessary to determine which sites will actually be cleaned up, the question turned to "how should such additional data be incorporated into the prioritization system?" If the information is only incorporated into the system after sites are selected for listing, and only in the context of deciding the actions that should be taken at listed sites, then some sites may have been inappropriately listed. For example, some sites, on the basis of concentration of toxic components in the wastes, can be less risky than would have been estimated if concentration data were ignored. And, concentration is ignored by the Mitre model. Hence, on grounds such as these, a number of participants expressed the view that there ought to be a way to introduce additional relevant information, when available, directly into the prioritization system. One approach, discussed extensively and favorably by many participants, was to construct optional alternatives calculations that could be used when more or better data are available. The mere fact of allowing the use of such data in the prioritization exercise could, it was pointed out, create incentives for the collection of such data.

There was also discussion of the opposite problem: screening of sites for which there are fewer kinds of data than called for by

the Mitre model. Several participants noted that there already is an informal screening process to select sites for entry into the ranking system. Some wanted the process to be made more explicit in the future, and to evolve in a manner that involves more dialogue between EPA and others, especially the states.

Overall, the plea from many attendees at the workshop was for mechanisms that offer a significant amount of flexibility with respect to the data used to prioritize sites. EPA appeared to want to deal with such matters separately, in the context of later aspects of the management system by which sites are selected for clean-up, rather than as part of the hazard ranking system itself. Others, as already noted, cited the advantages of using additional data directly in the ranking system, based on the view that ranking leads to listing, and listing has consequences--publicity, for example--quite independent of whether clean-up is eventually funded by Superfund.

One participant proposed that the present Mitre model be considered a "short form," and that a "long form" also be developed which can be used when there is additional information to consider. A state or corporation would be at liberty to submit a "long form" but would not be required to do so. This would permit the optional incorporation of additional information into site ranking decisions.

The discussion of data input should be put into context: the sentiment of the group appeared to be that the overiding problem is getting sites cleaned up. Though methods should be found to incorporate better data into the priority ranking scheme, consideration of such issues should not be used as to slow the start of actual clean up of sites.

4. Using the Mitre Model or Modifications of It to Create Lists of Priority Sites

The next segment of the workshop dealt with the Mitre model itself. Many participants criticized the model in one particular or another, but mostly by way of trying to improve a model that is already reasonably acceptable. Three specific topics were considered.

First, there was additional discussion of flexibility, with many participants reaffirming their support for the development of an objective basis by which optional alternate calculations can be used. Though some concern was expressed about this idea by EPA, there clearly was substantial support for it from many diverse quarters at the workshop. In the light of the extensive discussion of this issue at the workshop, and the interest of many attendees in the issue for a wide range of reasons, I believe it appropriate for me to call the subcommittee's special attention to this issue. Though no attempt was made at the workshop to develop consensus on suggestions or recommendations, it is consistant with the deliberations of the workshop to suggest explicit study by EPA of optional alternate calculations in the prioritization model, particularly with respect to concentration in relation to waste quantity. However, in the spirit of the discussions at the workshop, I would suggest that this study (a) involve a study advisory team that includes some of the participants at the workshop and (b) be conducted in a manner totally independent of

already listed sites--so that the study will not impede progress toward clean-up.

Second, there was some controversy but no consensus about the use, as a data element for the Mitre model, of population within a specified radius from the site. It was pointed out that the way population is introduced into the calculation creates possibilities of over-estimating or under-estimating risk. In particular, for example, food chain questions may not be adequately taken into account. Also, any particular radius is necessarily arbitrary, since it includes people just within the radius, and excludes those just outside the radius.

Third, a discussion of validation of EPA's prioritization system did not lead to any conclusions other than the obvious one, namely, that EPA should continue to place emphasis on validation procedures, and should especially seek feedback from individuals and institutions that participate in prioritization exercises. In this manner, EPA can learn from experience and improve the prioritization system on the basis of what it learns.

In closing this portion of the workshop, many participants reiterated their interest in the flexibility issue, but again emphasized their overriding desire to move forward vigorously toward actual clean up of sites. Comments were made such as, "I would hate to see a slowdown on any process involving the current lists or the development of the remainder of the list in an effort to clinch the model a little more." Also, "We should get on with the job of starting to clean up some of these sites, and therefore I think we shouldn't dwell on the model, any model. Whatever model you come up with is going to miss some sites. There is no way of getting around that. I don't know how to make a perfect model."

5. General Problems in Processing and Analysis of Information

At the start of this segment of the workshop, I sought response from the members of the workshop on two issues. First, is the Mitre model satisfactory as it now is constructed, perhaps with minor modifications, or does it require substantial change? Eight of sixteen attendees said the model or a minor modification was satisfactory; eight called for substantial change.

Second, I asked whether there is a willingness to postpone clean-up actions that can be expected soon, in order to make changes in the model. Thirteen of sixteen responded that regardless of dissatisfaction with the model, they were not willing to postpone actions that would lead to actual site clean-up in the near future.

This portion of the workshop created an excellent record of numerous specific general problems with current prioritization procedures, and extensive comments on three general issues:

- o urgency of need to proceed rapidly with site clean-up action;
- o the significance of state preparedness as a factor in assigning priorities to sites; and
- o the meaning that should be attributed to the listing of a site.

On the first of these issues, urgency of the need to proceeed with clean-up actions, the record is very strong, insistent and unanimous. The message is "move as fast as possible." Some typical quotes from state representatives are:

- o "For those states that are prepared to go, lets move forward as rapidly as possible;"

- o "I have a real concern that there does not appear to be an appropriate sense of urgency under CERCLA....Lets not lose sight of our goal which is the clean-up of sites that are releasing hazardous substances, pollutants, contaminants which are a danger to public health or welfare or the environment;"

- o "Time is money and we are running out of time. I am concerned that we are moving ahead so slowly that the amount of funds that we hope to collect will, in fact, never be collected because the funds actually will not be expended. That disturbs me. I hope I am wrong on that;"

- o "We don't want to wait any more....Some provision should be made to encourage the States that are ready, willing and able to spend..."

Representatives from industry and a public interest group echoed the same sense of urgency to proceed.

Thus, a second suggestion clearly emerges from the record of the workshop, namely, to move forward expeditiously and with a sense of urgency to start the funding of actual remedial clean up actions. This suggestion is of course an obvious one, but it does reflect a strong sense of concern by attendees at the workshop. Hence, perhaps it would be useful if EPA would develop and release a current proposed schedule (and update it periodically) so that those who are concerned can understand the steps to be taken and when they will be taken.

With respect to state preparedness, there was no consensus that this consideration should be a factor in prioritizing sites, but there appeared to be agreement that "money should be spent first where states are ready to spend the money."

Finally, with respect to the significance of including a site on the priority list, I attempted at the workshop to summarize the comments of the participants in the following way:

> "Some think of the list as a list of highest priority sites for clean up, and then raise questions about the inclusion on the list of sites that may not have that degree of urgency.

Others look at the list as a list of priority sites that would involve federal action (funding) in the clean up. They might not choose to include on the list sites that may have equal priority, from the point of view of the hazard or risk they pose, where the clean up is intended to be handled without Federal involvement.

A third way, of which there has been some mention, is identification of a list "highest priority sites" from the public perception point-of-view that the listed sites are the most dangerous and present the greatest risk or hazard."

Since the workshop participants appeared to be divided on the kind of significance they attributed to listing, it would not be surprising to find that the larger public is similarly divided.

6. Relationship Between Priority Listing and Funding

This final segment of the meeting started with an innovative proposal, by Karl Birns from the New Jersey Department of Environmental Protection. The proposal was developed by a group of participants during the course of the workshop and was well received by a large number of participants. It is, in my opinion, the single most important development at the workshop. The record of the discussion of this proposal, which I will call the New Jersey plan, deserves to be studied carefully by EPA and other interested parties. I believe the record supports a strong suggestion -- actually a recommendation -- that this plan or some modification of it, be considered seriously for use in selecting sites for Superfund funding.

The following sequence of events describes the plan in somewhat simplified terms; only the major aspects of the plan are presented below. The following description is adapted from Mr. Birns' presentation of the concept.

- "The plan was designed to be used as a data gathering and management tool so that EPA and the states could make decisions regarding Superfund actions.

- The initial premise is that it was the intent of Congress in passing the Superfund legislation that hazardous waste sites should be cleaned up.

Phase 1 - Site Selection

- The plan starts with input of data that exist anywhere -- federal, state or from some other source -- regarding a potential hazardous waste site. It is then the state's responsibility, using EPA guidelines, to fill out the Mitre form. Using that Mitre form, the state would then notify any potentially involved parties that it intended to submit that form to EPA for national ranking.

- If any party had additional information to bring before the state agency, this would be their opportunity to do so, in which case new information would be put back into the Mitre form and it would generate what can be called the "Mitre plus." This is the Mitre form after there has been an opportunity for revision at the state level.

- These Mitre plus forms would then be submitted to EPA where they would be put on a Mitre inventory of hazardous sites. This inventory would be based on the first cut forms submitted by the states. (Note that some comments at the workshop favored opportunities to consider sites even in the face of state opposition.)

- At this point the inventory would be subject to a management evaluation. This management evaluation would be done by EPA and the states.

- Coming out of this management evaluation is a minor investigation loop. This is a polishing loop which would allow EPA or the state agency to go back and find out if there were any odds and ends of data that were necessary for a management decision. If there was no need for additional information at this point, a management decision would be made, creating an "action plan."

Phase II - Action Plan

- This management decision would result in an initial national contingency plan list of sites. This list would be broken down into a number of sub-lists of sites.

- The first is a sub-list of sites that require further investigation to determine whether they are valid candidates for Superfund remedial action.

- A second sub-list would be of sites that are likely candidates for administrative action such as voluntary compliance or, if voluntary compliance was not forthcoming, pre-clean up legal action, using legal tools to force a potentially liable party to proceed with clean up action.

- The third sub-list is the most critical one. This is a list of sites, identified by EPA as part of the national contingency plan, for which funding of remedial action under Superfund is to proceed. This list of sites would then be funded for a phased clean up starting with feasibility studies and proceeding to design and construction, as well as operation and maintenance.

- Finally, there may also be a sub-list of sites for which, at that particular time, no clear determination had yet been made of the action to be taken.

- At any point in time there would be need for some flexibility in moving a specific site from one sub-list to another, depending upon whether or not there was a change in its status vis-a-vis compliance, or new information available. Continuous updating would be needed to reflect the actual real-world conditions at a specific hazardous waste site.

The essential features of the plan are: (a) a management system that involves explicit opportunities for interaction among EPA, states and other parties, at all stages from initial accumulation of data through to final action, and (b) the public identification of the sub-list to which each site is assigned. Thus, all interested parties become aware of the status of the site, and no false expectations or fears are raised about the

action that is expected.

Another interesting aspect of the proposal is that, by creating explicit opportunities for interaction among parties, a phase is passed through during which sites are being "considered for listing" before actual listing occurs. At one point during the workshop concern was expressed, mostly or entirely from people affiliated with industry, about the repercussions that follow from having a site on a national list, as opposed to simply being considered for listing. One person affiliated with industry responded, "If the list is identified as an investigative list, I don't think it has very much stigma at all." Another said, "I agree. The concern is that somewhere in the process before the list becomes the remedial action list, we would like to be (able to submit) into the process....whatever additional data we may have available that may not be known to EPA or the states."

Finally, just as in earlier parts of the workshop, emphasis was placed on moving ahead from the present, rather than reconsidering already listed sites. The proposal was that the management system -- including sub-lists -- be applied to already listed sites, and that only new sites (not currently on the list) enter the plan at its start.

As with all aspects of the workshop, not everyone was pleased with all aspects of the New Jersey plan. I am, however, optimistic about the prospect of negotiating the general features of generally acceptable plans if EPA were to convene for this purpose a group of selected people from the workshop plus a few others. It would appear to be in everyone's interest to develop a workable plan and to do so in a manner that is acceptable to all the key interests.

In closing, I would like to express my appreciation to the subcommittee for inviting this testimony based on the workshop. I hope that a useful precedent is being set by the subcommittee's initiative in convening the workshop in the first place, and by the subcommittee's interest in its outcome.

Mr. HIRSCHHORN. I am Joel Hirschhorn, Project Director of the Office of Technology Assessment.

I would just as well answer questions, Senator. I submitted a formal statement for the record. I think I could make my points by answering questions.

Senator GARN. Thank you.

SUMMARY OF WORKSHOP

Mr. GUSMAN. I am Sam Gusman with the Conservation Foundation, and I, too, have submitted a statement which I appreciate your including in the record.

I would like to comment very briefly at this point about the process used at the 2-day workshop. It had four major segments, each of which occupied about a half-day of the workshop's time. During each of these four segments, there was about a 2-hour informal, off-the-record discussion. This gave the attendees a way to learn about each others' concerns and interests and to explore alternate ways of looking at the issues.

Then a small number of the attendees summarized on the record the results of the off-the-record discussions and there was opportunity for individual comments.

I believe that the on-the-record report of the workshop, which I understand the committee will be printing, creates a fair reflection of the entire proceedings.

Senator GARN. Thank you.

SUPERFUND SITE SELECTION

Gentlemen, was there a consensus among the participants that the quality and completeness of the data used in the site selection model could be improved and, if so, how?

Mr. HIRSCHHORN. Senator, yes, I think there was a strong consensus on the part of the participants that the Mitre model could be refined and improved, particularly the application of the model could be vastly improved. For example, EPA could provide better guidance to the States on what types of data ought to be used in the model, what types of adjustments can be made under specific circumstances, and EPA could also promote the use of additional data provided by the private sector. Moreover, EPA could fund activities to improve the training of those State personnel using the Mitre model.

In the formal statement I also deal with a number of technical areas which are examples of how particular points could be improved in the Mitre model, but I won't go over that now.

I would like to say, too, to understand the improvements in the Mitre model one has to look at the total system in which the Mitre model is used. In that regard, there was considerable agreement on the part of the workshop participants for the need to use a more efficient, effective, and equitable administrative system for devising the national priority list. And, in particular, we think that one of the most important outcomes of the workshop was the idea of using sublists for the national priority list that could clearly identify the type of action being pursued by EPA for various sites, such as remedial action, administration action, which basically is pursuing certain kinds of enforcement activities. And, also, another sublist category could be further investigation of sites, and finally, make a sublist for further analysis to determine the best path to deal with the site.

Another area of the total system which could be improved would be notification of potentially liable parties before any publication of a national priority list.

And third, EPA could use more explicit management criteria after the initial screening with the Mitre model.

I do want to emphasize a lot of emphasis at the workshop was not in fixing up the Mitre model so much, but putting it in an appropriate role in the EPA management system. And that appropriate role seems to be using the Mitre model as an initial screening device.

PROGRAM IMPLEMENTATION

Senator GARN. Were the State representatives from New York, New Jersey, Texas, et cetera, satisfied with the pace at which the program is being implemented?

Mr. HIRSCHHORN. No, not at all. I would say that the representatives from the States were quite unhappy with the pace of activities. I would also add that the people from industry—and there were a number of people from industry—were as equally unhappy with the pace of activities.

Senator GARN. What major issues did they raise?

Mr. HIRSCHHORN. Well, one of the important points was that EPA has chosen not to fund RCRA's mandate to have the States develop a hazardous waste site inventory which would describe the location of each site within the State at which hazardous waste has at any time been stored or disposed. The $20 million authorized in RCRA for this activity by the States has never been sought by EPA.

One of the other areas that people from the States brought up was the fact that there may be a loss of spending power due to inflation while the CERCLA funds made available to EPA remain unspent. There is also a feeling among some of the State officials—and I might add, other people—that there may be a strategy at EPA of not spending the funds in order to amass sufficiently unspent moneys to stop collecting the fees sometime in 1983 or 1984, according to the provisions in the law.

One other point I might note is many of the State people felt that EPA currently places too little emphasis on evaulating State preparedness to fund and act on a site, with the result that many of the sites that have already been put on the interim list may not receive attention because of the lack of State funds.

SITE DATA

Senator GARN. Was the consensus that the program should move ahead regardless of the reservations raised about the site location data?

Mr. HIRSCHHORN. Absolutely. I think there was really unanimous agreement on that point, that everyone felt there was a great need to move ahead. Although there could be improvements in the Mitre model and there could be improvements in the management system at EPA, everybody felt that we had to proceed immediately with remedial action.

CONSENSUS OF WORKSHOP PARTICIPANTS

Senator GARN. Mr. Gusman, were there any other areas of consensus among the participants that you would like to comment on at this point?

Mr. GUSMAN. Yes, there were a few. They are offshoots of the kinds of issues that have just been discussed, two in particular.

First, with respect to data going into the model, one approach discussed quite extensively was the provision of some mechanism by which additional information could be built into the model system that is used for selecting sites. The concept that was discussed was an op-

tional provision whereby, at the discretion of a State or a corporation, there would be the opportunity to introduce additional information. The reason for interest in providing that information was not simply so that it could affect the ultimate disposition of Superfund funds, but because the mere fact of listing a site on a national list itself has consequences—publicity, for example. This matter attracted a substantial amount of interest and attention at the workshop. Many of the participants at the workshop appeared to want EPA to consider some kind of action, perhaps even a dialog with them, of alternate mechanisms that might be used to provide additional data on an optional basis. This has to be viewed, nonetheless, in the context of an overriding feeling at the workshop, as I sensed it, of wanting to proceed with getting sites cleaned up. Therefore, the comments made at the workshop were within the context of saying, "Let's improve the system for consideration of new sites rather than for the ones that are already identified."

The second point that was particularly interesting and that occupied a half a day at the end of the workshop was a plan put forward by one of the State representatives as the result of a number of the members of the workshop spending their lunch hour working to bring together their ideas. The plan that evolved did not exist before the start of the workshop. So it really was a cooperative effort during the course of the 2 days. Its essential features are, first, a management system that involves explicit opportunities for interaction between EPA, the States, and other parties at all stages, from initial accumulation of data through to final action.

And second—perhaps most novel—the public identification of the action that is likely to occur for listed sites. In other words, it was proposed that there be a separation of listed sites into sublists, some of which presumably would receive Superfund funding, others of which might be in an investigative mode, et cetera, so that everyone would know the status of a listed site. There would be no false expectation, no false fears, raised by actions that are expected.

Those are the two main additional points.

SUCCESS OF WORKSHOP AND NEED FOR OTHERS

Senator GARN. Mr. Gusman, do you believe that the actual conduct of the workshop was helpful in making the various parties aware of each others concerns, and second, whether you feel such workshops would be of continuing help to EPA and its programs?

Mr. GUSMAN. On the first of the two matters, I believe that the workshop was a start toward dialog on this policy issue. There is opportunity for continuing dialog to make it even more useful. But what was done already clearly did create an increased understanding on the part of many of the participants with respect to many other points of view and positions. Perhaps the clearest illustration is the action that occurred during the last half day of the workshop when many of the participants worked together to develop ideas that had not existed before the workshop started.

As far as continuation on this or other issues, I have gotten a number of comments from participants in the workshop which suggest they believe it could be useful. This can occur in two ways. First, one might, for example, select an issue such as flexible introduction of new data, and for that, under some auspices, continue the dialog so that a proposed course of action is made explicit. The second, of course, is to move forward on other topics.

Senator GARN. Thank you.

Senator Leahy?

Senator LEAHY. No questions.

Senator GARN. Thank you very much, gentlemen.

ENVIRONMENTAL PROTECTION AGENCY

STATEMENT OF ANNE M. GORSUCH, ADMINISTRATOR

ACCOMPANIED BY:

JOHN HERNANDEZ, DEPUTY ADMINISTRATOR
KATHLEEN BENNETT, ASSISTANT ADMINISTRATOR FOR AIR, NOISE, AND RADIATION
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ROBERT PERRY, ASSOCIATE ADMINISTRATOR FOR LEGAL AND ENFORCEMENT COUNSEL
LEWIS CRAMPTON, DIRECTOR, MANAGEMENT SYSTEMS AND EVALUATION
C. MORGAN KINGHORN, COMPTROLLER

BUDGET REQUEST

Senator GARN. I am happy to welcome all of you here to testify this morning.

I must note at the onset there has been more controversy and more confusion concerning your 1983 budget request than any of the other agencies under the jurisdiction of this subcommittee.

While there have been reports that this budget destroys the Agency, I do not personally find those arguments very compelling. I believe it is almost always possible to do a better job with less money with implementation of management improvements. On the other hand, these accusations, if true, could seriously impact our ability to continue our progress in protecting the environment. I hope that during this hearing we can develop the facts so the committee can understand precisely what this budget means for EPA and for the country.

Your fiscal 1983 budget proposal totals $3,591,392,000 and 8,645 permanent work-years. This includes $961,392,000 for the Agency's operating programs, $230 million for the hazardous substance response trust fund, and $2.4 billion for the wastewater construction grants program.

Mrs. Gorsuch, I would like to welcome you and all of your associates this morning. It doesn't look like you are understaffed at this hearing.

Senator LEAHY. I was wondering who is left back at the office to do the work this morning.

PREPARED STATEMENT

Senator GARN. If you would like to summarize your opening remarks, we will be happy to include your entire statement in the record.

[The statement follows:]

STATEMENT OF ANNE MCGILL GORSUCH

Mr. Chairman and Members of the Committee, I am here today to discuss the President's 1983 budget for the Environmental Protection Agency. With me today are the Deputy Administrator, Dr. John Hernandez, and the Associate, Assistant, and Acting Assistant Administrators who oversee the implementation of the Agency's programs.

The President is requesting $961.4 million for our operating programs in 1983, which will be supported by 8,129 permanent workyears and includes other support services, regulatory actions, and research. In addition, we are requesting $230 million for the implementation of the Hazardous Substance Response Program, commonly known as Superfund, which would be supported by 516 permanent workyears.

Compared to 1982, our 1983 budget for the operating programs and Superfund represents a 7 percent reduction in dollars and a 12 percent reduction in permanent workyears. EPA will meet its environmental responsibilities with a smaller budget by focusing resources on statutory responsibilities; simplifying relationships with the States and the regulated community; eliminating duplication of effort; and pursuing regulatory reform. This is our agenda; it is open and forthright.

In my statement this morning I would like to state in broad terms the overall nature of our proposed budget. I would also like to clarify what our proposals mean for the future of the Environmental Protection Agency, and how we intend to meet our statutory responsibilities in 1983.

EPA is a viable force for environmental improvement.

There have been a number of stories over the past months regarding rumored RIFs, talent hemorrhages, hidden agendas and the like. And although this is certainly a tighter and more efficient budget than we inherited, I would like to dispel the rumors. First, I have no hidden agenda. If the President wanted to abolish EPA, he would have announced it as openly as he has with other agencies. Our job is to meet our statutory environmental protection responsibilities and to do so effectively and efficiently, taking into account both the President's mandates and the intent of Congress. As you examine the details of this budget, you will see that we have designed just such a plan.

Secondly, I believe we can meet our 1982 personnel ceiling by relying on attrition. In FY 1981, the gross attrition rate for permanent full-time employees was 12 percent, down 1 percent from FY 1980. In FY 1982 attrition has been averaging about 1 percent per month. There is simply no truth to the rumors of massive numbers of people leaving EPA.

As a result, I announced in February that there would be no involuntary separations at EPA in FY 1982. If our proposed budget is implemented and attrition continues at the first quarter's rate, I hope to continue the same policy of no involuntary separations in FY 1983.

Thirdly, the largest percent of staff leaving the Agency has been in the administrative and clerical areas. A handful of highly publicized resignations do not constitute a talent hemorrhage or "brain drain" -- only rhetoric and headlines.

We are committed to a better environment through better use of resources

This budget request is the product of intense analysis and detailed review of the requirements facing the Agency in 1983. While our spending package is leaner, the reductions are designed for effectiveness and efficiency in fulfilling our responsibilities. Our principal focus is no secret, but has been articulated time and time again--to concentrate on our statutory mandates, to reduce backlogs, to implement the intent of Congress by delegating to the States wherever possible, and to improve and enhance the science behind our programs.

Equally important, this budget was engineered to focus resources on hazardous waste programs--our newest responsibilities. Together,

the Superfund and RCRA levels represent a 12 percent increase over the 1982 levels enacted by Congress. This translates into an increase of nearly $5 million above 1981 levels for resources specifically devoted to hazardous waste programs. Superfund itself represents an increase of 21 percent over 1982, or more than three times the 1981 funding level.

More critical than the numbers themselves is the reality which those numbers represent. Gone are the days when increased spending could be equated to progress, or when larger programs and expanded staffs equal environmental improvement. What this budget represents more than efficiency, more than thorough scrutiny, is a re-dedication of resouces away from government for the sake of government and toward environmental results. A century from now, will anyone remember record spending levels? Of course not! They will remember what results we achieved. Those results -- a better environment through better use of resources -- are and will continue as our principal objectives.

We are using the results of enormous investments made in the past.

The vast majority of the environmental legislation is not new. Our workload has not "just doubled." Claims that we cannot meet our legislative mandates in 1983 with our proposal are simply wrong. Nearly all of the statutory changes resulting in our significant resource requirements occurred over half a decade ago. TSCA and RCRA were passed in 1976; the Clean Air and Water statutes were amended in 1977; and the Pesticides statute in 1978. Large, and in some cases, enormous investments have already been made. As an overall indication, the Agency grew by more than 62 percent between 1977 and 1980. As a result of those earlier investments, we can fully implement those mandates with lower levels of spending. To believe that every program requires ever-increasing Federal expenditures every year, regardless of the progress we have made, is both substantive and budgetary fiction.

In this light, I would like to run down some examples to highlight why we can fully implement many programs in 1983 with less funding.

-- The Toxic Substances legislation was enacted not yesterday but nearly six years ago. At the time of passage, the Agency had been investing about $8 million and less than 100 people per year. The year following enactment, the investment tripled; the next year resources doubled; in 1980 resources were increased 60 percent. Between 1977 and 1981, resources were increased twelvefold and an investment of over a quarter of a billion dollars was made.

   Our request for FY 1983 still represents a ninefold increase since the legislation was passed and five times the number of personnel. The changes we are making in the management of the program as well as the payoff from years of prior work make a strong case that we do not need to maintain the past investment levels.

-- The Resource Conservation and Recovery Act was also enacted in 1976. At that time, the resource investment was running at $16 million a year. The year following passage, resources were doubled; the next year they were more than doubled; in the third year they were increased by 21 percent; and in 1981 they were again increased by 57 percent. In short, from enactment to last year, the investment in implementation was $700 million.

-- Our 1983 request, very close to 1982 and 1981, is still over 6 times the investment in the year of enactment. We believe the investment needs to continue at a relatively high level in 1983. Our proposal shows a decline of only 4 percent in the total program, but in resources devoted to hazardous waste, our proposal is actually a $5 million increase over 1981.

-- The latest Clean Air Act amendments were enacted in 1977, not yesterday. The program had an investment of about $150 million a year and 1,700 permanent positions when the statute was changed.

In the three years just prior to the 1977 amendments, nearly one-half a billion dollars was invested in implementation. The year following the amendments, the resources were increased by 15 percent; and the next year, by 56 percent. Between enactment in 1981, the Agency invested nearly one billion dollars in personnel, state grants, and contract funds to implement that program. Our 1983 proposals build on that substantial investment and combined with additional program management reforms are a viable and realistic basis for our responsibilities in 1983 -- six years and one billion dollars later.

-- Finally, the Clean Water Act amendments of 1977 follow the same trends. In the year following enactment, resources were increased 40 percent, an increase maintained through 1981. Our recommendations in the water quality area represent both the culmination of these investments (nearly one and one-half billion dollars since 1977 in just personnel, state grants, and contracts) as well as completion of statutory requirements.

In any successful regulatory program, the heaviest expenditures should come first, as we develop the necessary research, regulations, guidelines, and expertise. While early and thorough research is indeed one of the basic foundations upon which successful implementation rests, once that knowledge is acquired it does not have to be continually re-funded and re-acquired at the same levels every year. In addition to our past and continuing improvements, we are also finding that the jobs to be done are, although extensive, not as huge as once believed. Our job in RCRA, for instance, was once thought to involve over 20,000 permittees. We now believe the number is about half of that and many of those could be handled with class permits, saving administrative reviews for everyone. Superfund was once talked about to involve tens of thousands of sites requiring direct Federal expenditures. We all now acknowledge we still have our hands full, but with hundreds, not thousands. I do not minimize our task; I do however insist that we all must recognize its changing nature and the payoff from past and present investments.

Once a regulatory program matures, with greater and greater State participation, the resources needed by this Agency should indeed diminish. Such a comparative reduction in Federal funds should not and does not signal a diminution of Federal commitment.

The high levels of initial investment in our programs over the past five and six years are attributable to your deep concern and to the concern of the American people and reflect the Nation's longstanding commitment to environmental goals. In total, for instance, between the time TSCA was enacted and 1981, we've invested $276 million; by the end of FY 1983 we will have invested over $400 million. Since the Clean Air Act amendments of 1977, we've invested 1.1 billion -- $384 million alone in grants to States. Because I share these concerns I intend to keep that commitment, and to do so in a way that builds on our past investments, while bringing in greater State involvement wherever possible.

Our specific proposal for 1983 is based on three assumptions:

-- We're reducing program requirements on States. One of the principal objectives of the Administration is to eliminate the many cumbersome and overly complex program requirements that have little, if any, impact on environmental quality. Changes needed range from lengthening the period of pollution permits, thereby avoiding unnecessary reviews, and reducing the number of mandated programs that States must administer, such as vehicle emission inspections, when States have preferred alternatives that achieve the same objectives.

We are also moving quickly, through regulatory reform initiatives, to reduce program requirements on States. A major effort to drop requirements that were not mandated by law but which EPA itself had imposed on States has already begun. In the waste treatment grant program, we recently proposed new, simplified regulations which reduce the information and paperwork burden on States by over one-third while maintaining all statutory requirements and those needed for effective program management.

We have also initiated a new enforcement policy that will enable both the States and the Federal Government to concentrate resources on violations that could significantly affect environmental quality rather than "de minimus" technical violations.

-- There exists a strong and increasing commitment on the part of the States to implement environmental programs. States have shown tremendous willingness to commit to operating environmental programs; our delegation strategies are working and we expect many of them to improve dramatically this year and next. We are simply in a radically different position than we were five or ten years ago in each and every program. In many cases, the States are investing more in their programs than we are, and this is as it should be as the programs mature.

-- We ourselves have made an enormous investment in the States to help them initiate programs. We as a Nation have invested enormously in State efforts. Following the Clean Air Act amendments in 1977, the State grant effort climbed rapidly from $66 million to $83 million in two years. With the enactment of RCRA in 1976, the Federal government began a yearly investment in State grants that now totals just over $100 million. In total, since 1978, we have invested nearly $1 billion in these key State grants. That follows investments between 1971 and 1977 of over a third of a billion dollars in air, and a quarter of a billion dollars in water. These investments have paid off. We have been able to assist the States in initiating their programs and backing their strong commitment.

We will focus on the work still to be done with our State partners.

Our budget contains $182 million for grants to States. These funds are focused entirely on those grant efforts designed to assist States in implementing specific statutory responsibilities when those responsibilities are delegated. While State grants for 1983 contain a reduction of 20 percent from the 1982 levels, the 1982 funding level of individual State operational grants is the highest in EPA history. But to cite a 20 percent reduction without some additional explanation is somewhat misleading.

For example, the continuing operational State grant programs show only a 5 percent decrease from the 1979 levels, which was the peak year for all types of grants. And if 205(g) and 205(j) Clean Water Act grants are included in the 1983 levels, our level of grants assisting the States in implementing regulatory strategies is actually 53 percent higher than in 1979. In short, a greater percentage of grant funds is going toward implementation of State environmental programs.

I believe our proposal for 1983 is a realistic approach to the problems facing both ourselves and the States. We are acknowledging the success we and the States have had over the past ten years in establishing, operating, and achieving mutual objectives in all environmental programs. We just do not need to continue all the same programs, all the same outputs, and all the same resources in 1983.

Our research has brought results and will continue to do so.

Obviously, our research efforts have been and will continue as a mix of long-term and more immediate investigations and applications. In total, however, the resource levels for research represent a reduction from $270 million to $216 million, or a 22 percent decrease. This change reflects the completion of efforts which will enable us to reduce our overall research component as well as invest in newer areas. For example:

-- The Agency has completed ongoing work where sufficient information now adequately supports the decisions facing us. Examples are the completion of research for the effluent guideline program; the near completion of work on diesel particulates; the completion of initial Superfund research; and the conclusion of research to support the development of initial test guidelines for toxic substances.

-- In several areas, we have invested in research to a point where the additional investment could be wasted or where we now feel we are ahead of an industry's development. We have enormous investments over the years in control technologies for a variety of potential pollution sources. This is true both in the air and water pollution areas. There are off-the-shelf technologies available and ready for use. In the synthetic fuel area, we now

believe our efforts in evaluating the performance and reliability of control technologies are in advance of the industry's overall development, and before we continue to invest further we need to have additional commercial facilities available for examination. We see no need for the continuation of heavy investments in 1983. However, we have an investment of $2.4 million to develop additional risk assessments for synthetic fuel operations.

In the year ahead, while we will continue to pursue our long-term research commitment, we intend to focus our research effort primarily in support of regulatory outputs required by individual program offices. We are concentrating on four areas:

-- Through the allocation of resources and improved management, we will focus on improving the scientific basis of our regulatory actions. For instance, we are maintaining our efforts in hazardous waste research to provide a firm scientific basis for future RCRA regulations. Our research effort is the same as 1982 -- $30 million.

-- Research will be more focused on providing the basic information for regulatory reform. Toxic research will emphasize the development of improved analytic tools to increase our efficiency and substantive review of chemicals. We are increasing our efforts by $2 million in the hazardous waste program to support a degree of hazard regulatory approach to improve the program's implementation. We are increasing our efforts to improve benefit models to better assess our regulatory actions from a benefit as well as a cost basis.

-- We are ensuring that our research base is adequate, particularly in areas of emerging concern. For instance, in addition to our continuing efforts in hazardous waste, we are increasing our investment in acid rain research by 33 percent, from $9 million to $12 million. We are increasing our research in support of the review of the ozone standard.

-- Finally, we are continuing our commitment to longer term research. We will continue to have direct relationships with the academic community in our grants program directed at specific research needs.

In summary, the research program we present is sufficient to meet the statutory demands facing us in 1983 and thereafter, and represents reduction in areas where our past investments have paid off; a reduction in areas where our work is no longer necessary; and more important, a focus on the work still to be done.

We are focusing resources on achievement of regulatory outputs in all our programs. As examples:

-- In toxic substances we will shift our emphasis from guideline development to annual review as major health and environmental guidelines are completed. New chemicals and their review before manufacture will continue to be one of our highest priorities and we expect to handle 1,000 Premanufacture Notices in 1983.

-- In the air program we will increase development of hazardous pollutant standards and accelerate the schedule to develop new source performance standards in 1983. We will make hazardous pollutant listing decisions for eight chemicals assessed in 1982, and we will provide technical assistance in establishing inhalable particulates, toxics, and acid precipitation monitoring networks in 1983.

-- In the water quality area we are developing a new initiative. Technology based controls will continue to be a floor, or a minimum requirement, for point source dischargers. An improved water quality standards program will provide an effective benchmark in evaluating where treatment controls and programs beyond the basic technological controls are required by allowing a more realistic assessment of environmental gains and economic cost. Program

changes will encourage States to obtain the necessary data and information to: (1) adequately analyze the attainability of uses; (2) perform cost-benefit assessments to determine whether the incremental benefits of attaining the use bear a reasonable relationship to the incremental cost of going beyond technology based controls; and (3) set site-specific water quality criteria. I believe this approach will provide the most cost effective and pragmatic approach to meeting our Nation's water quality goals.

-- In pesticides we will trim the backlogs in the registration and tolerances programs, reduce the time and effort required to review registration applications and tolerance petitions; and reduce the time needed to review scientific data on FIFRA issues. This will lead to reduced costs for both the Agency and industry, and meet our statutory mandate.

Enforcement at EPA is active and forceful.

The Agency is now implementing a reorganization of the enforcement program. The reorganization is designed to improve the effectiveness of our enforcement efforts. On an Agencywide basis enforcement policy and litigation is now centered in the Office of Legal and Enforcement Counsel. The technical personnel who were in the previous Office of Enforcement have been transferred into an enforcement office under each of the Assistant Administrators.

The total enforcement resources in the Agency appear to decline by 20 percent. Since, we have shifted hazardous permitting from the enforcement program to the abatement and control program, the real reduction to the enforcement program is actually 15 percent or about 260 people out of 1,700, leaving more than 1,400 personnel devoted to enforcement efforts of all kinds.

However, the proportion of enforcement permanent full-time equivalent workyears to total Agency permanent full-time equivalent workyears remains constant from FY 1982 to FY 1983 at 18 percent. The proportion of enforcement dollars to total Agency dollars decreases slightly, from 8 to 7 percent.

Much attention has been placed on the number of new case referrals. That measure has never been and should never be a major standard for judgement of enforcement efforts. As we delegate more and more to the States, the overall number of federal cases referred should not increase. Any significant increase in both State and Federal enforcement areas simultaneously should be viewed with skepticism, since it is more likely to reflect unnecessary duplication of effort than true environmental enforcement. We want to avoid the inefficiency of filing a duplicative federal law suit where an effective state action is pending.

Nevertheless, there are appropriate circumstances for EPA judicial enforcement action, and we will not shrink from using this and all other legal tools at our disposal where necessary to obtain and maintain compliance. New civil litigation referrals from the Regions have increased substantially in the past month. If sustained at these recent levels, our litigation workload will compare favorably with recent past performance, taking into account the maturity of regulatory programs being enforced and state activity. Filing of these cases should make clear that violators who underestimate our enforcement efforts do so at their own peril.

Our criminal enforcement program is carrying a large docket of active cases. At the current rate of criminal case referrals, we should have more criminal referrals in 1982 than in 1981. The recent convictions in the Moyer's Landfill case in Pennsylvania, for criminal violations of the Clean Water Act and Refuse Act, and the guilty plea of Sybron Corporation to charges of willfully polluting a tributary of the Hackensack River and falsely reporting compliance with permit requirements make clear that we will not countenance deliberate unlawful conduct.

We were also successful in the last month in concluding a RCRA suit brought to compel cleanup of the Bluff Road superfund site near Columbia, South Carolina. Under a partial consent decree entered in U.S. District Court, twelve companies who used the site will pay $1.6 million into a fund to pay for 75% of the surface cleanup.

I believe that these type of actions demonstrate our resolve to not just file lawsuits, but pursue enforcement actions relentlessly to obtain compliance where our initial informal approaches are not sucessful.

In summary, our Budget is both realistic and environmentally sound.

We intend to pursue a forceful and results-oriented strategy. As I have continuosly emphasized since taking office, I will focus on fulfilling our statutory mandates for environmental protection, and on doing so in concert with the President's mandate to reduce Federal spending. Despite all the rhetoric that has been leveled at our budget proposals since long before they were finalized, fiscal responsibility and environmental objectives are not mutually exclusive.

Many of those who have made such charges have done so with exaggerated and inflated figures. But the facts refute such claims. This budget represents a cut in spending of 7 percent in the operating and superfund programs and a reduction in personnel of 12 percent, not a cut, as some have said, of half the Agency's budget. One organization published a report claiming that 80 percent of the Agency's workforce would be either downgraded or involuntarily separated within the next few months. Since March of 1981, about 100 individuals have been involuntarily separated, and as I've said, no separations due to the budget are planned for 1982. Those are the facts and the detailed budget you have received supports them.

This Administration's agenda is not secret, but clear and overt--a strong Environmental Protection Agency to meet the environmental protection goals of the Nation. We intend to concentrate on our statutory mandate, reduce backlogs, implement the original intent of Congress by delegating to the States wherever possible, and improve and enhance the science behind our programs.

This is a good budget, an effective budget, and I am proud of it.

Thank you, Mr. Chairman. If you have any questions, I would be happy to discuss my proposal in greater detail.

INTRODUCTION OF ASSOCIATES

Mrs. GORSUCH. Thank you, Mr. Chairman, Senator Leahy.

I would like to introduce the people with me this morning. I will start on my right. Kathleen Bennett, Assistant Administrator for Air, Noise, and Radiation; Eric Eidsness, our Assistant Administrator for Water; Dr. Courtney Riordan, Acting Assistant Administrator for Research and Development; Dr. John Hernandez, my Deputy; Bob Perry, Associate Administrator for Legal and Enforcement Counsel; and Rita Lavelle, as of yesterday our new Assistant Administrator for Solid Waste and Emergency Response; Dr. John Horton, our Assistant Administrator for Administration; and Dr. John Todhunter, our Assistant Administrator for Pesticides and Toxic Substances.

PERSONNEL REDUCTIONS

You are right, Mr. Chairman, it seems that our particular budget has been the subject of much controversy. I would like to say that, for the record, this has been predicated primarily on rumors that were circulat-

ed last fall regarding possible reductions of 50 percent. And I recall one that alleged a reduction of 80 percent.

The facts are that between 1981 and 1982 in our operating budget there was a 7-percent reduction by the Congress. The next fact is that between 1982 and 1983 we are proposing to Congress a reduced operating budget of 12 percent, both in terms of dollars and in terms of people.

BUDGET REQUEST

As you know, Mr. Chairman, we have three separate pots of money: The construction grants money, the Superfund money, and then our operating budget. In our construction grants program, in that particular pot of money, we are asking for the same level of funding as we requested in 1982, $2.4 billion. In our Superfund money, we are requesting an increase of 20 percent. In our operating budget we have worked long and hard, feel we have a very credible budget to offer to this committee that is consistent with the President's principles to do a better job at the Federal level with fewer Federal resources, and we are requesting a 12-percent reduction.

I wish there were some way to talk about our budget briefly. I have asked my staff to prepare for me written testimony that is as synthesized as possible. There is a further lengthier statement which has been submitted for the record.

PERSONNEL REDUCTIONS

Although I should say in terms of personnel, because that was again one of those rumored headlines, we have approximately 10,000 people working in the Environmental Protection Agency, roughly half of them in Washington, the other half throughout the country. Since this administration took office, approximately 100 of those employees have been involuntarily separated due to budgetary considerations. For fiscal year 1982, I have been able to assure our employees that there will be no involuntary separations based on fiscal or budgetary considerations.

Those are the facts. Once those facts are known, the next round of rumors is generally, "Aha, but the brightest and the best people are leaving, if not being involuntarily separated." The facts are, again, that the attrition rate at the Environmental Protection Agency under this administration has been about 1 percent a month. Under the Carter administration it was about 1 percent a month. It was slightly less in the first year of the Reagan administration in total than the last year of the Carter administration.

Generally, once that round of rumors has been put to rest, the next allegation is, "Aha, but the brightest and best people are those leaving." Unfortunately, the civil service laws do not allow us to classify according to the brightest and best. But I did ask our Comptroller to go back and examine what the pattern was in terms of attrition. As one might expect, the greatest rate of turnover is in the lower GS level, in your clerical grades.

ADMINISTRATOR'S STATEMENT

Turning now to my written testimony, the President is requesting $961.4 million for our operating programs in 1983, which will be supported by 8,129 permanent work-years and includes other support services, regulatory actions, and research. In addition, we are requesting $230 million for the implementation of the hazardous substance response program, commonly known as Superfund, which would be supported by 516 permanent work-years.

EPA will meet its environmental responsibilities with a smaller budget by focusing resources on statutory responsibilities; simplifying relationships with the States and the regulated community; eliminating duplication of effort; and pursuing regulatory reform. This is our agenda; it is open and it is forthright.

There have been a number of stories over the past months regarding rumored RIF's, talent hemorrhages, hidden agendas,and the like. And although this is certainly a tighter and more efficient budget than we inherited, I would like to dispel those rumors.

First, I have no hidden agenda. Indeed, if the President wanted to abolish EPA, he would have announced it as openly as he has with other agencies which he has indicated would be necessary for government. Our job is to meet our statutory environmental protection responsibilities and to do so effectively and efficiently, taking into account both the President's mandates and the intent of Congress. We hope as you examine the details of the budget, you can see that we have designed just such a plan.

Second, we can meet our 1982 personnel ceiling by relying on attrition. In fiscal year 1981, the gross attrition rate for permanent full-time employees was 12 percent, down 1 percent from fiscal 1980. In fiscal year 1982, attrition has been averaging less than 1 percent per month. There is simply no truth to the rumors of massive numbers of people leaving the Agency.

As a result, I announced in February that there would be no involuntary separations at EPA in fiscal year 1982 based on budgetary considerations. If our proposed budget is implemented and attrition continues at the first quarter's rate, I hope to continue the same policy of no involuntary separations in fiscal year 1983.

Third, the largest percentage of staff leaving the Agency has been in the administrative and clerical areas. A handful of highly publicized resignations certainly do not constitute a talent hemorrhage or brain drain—only rhetoric and headlines.

This budget request is the product of intense analysis and detailed review of the requirements facing the Agency in 1983. While our spending package is leaner, the reductions are designed for effectiveness and efficiency in fulfilling our responsibilities. Our principal focus is no secret, but has been articulated time and time again—to concentrate on our statutory mandates, to reduce backlogs which we inherited, to implement the intent of Congress by delegating to the States whenever possible, and to improve and enhance the science behind our programs.

We believe the days are gone when increased spending could be equated with progress, or when larger programs and expanded staffs equaled environmental improvements. What this budget represents, more than efficiency, more than thorough scrutiny, is a rededication of resources away from government for the sake of government and toward environmental results. A decade from now and a century from now, will anyone remember record spending levels? Of course not. They will remember what results we achieved. Those results—a better environment through better use of resources—are and will continue as our principal objectives.

The vast majority of the environmental legislation is not new. Our workload has not just doubled. Claims that we cannot meet our legislative mandates in 1983 with our proposal are simply inaccurate. Nearly all of the statutory changes resulting in our significant resource requirements occurred over half a decade ago. TSCA and RCRA were passed in 1976; the clean air and water statutes were amended in 1977, and pesticides in 1978. We are in 1982. Large, and in some cases, enormous, investments have already been made. As an overall indication, the Agency grew by more than 62 percent between 1977 and 1980. As a result of those earlier investments, we can fully implement those mandates with lower levels of spending. To believe that each and every program requires ever-increasing Federal expenditures each and every year, regardless of the progress we have made, we think is both substantive and budgetary fiction.

In any successful regulatory program, the heaviest expenditures should come at the beginning, as we develop the necessary research base, the regulations and guidelines, and expertise. While early and thorough research is indeed one of the basic foundations upon which successful implementation rests, once that knowledge is acquired it does not have to be continually refunded and reacquired at the same or growing levels each and every year. In addition to our past and continuing improvements, we are also finding that the jobs to be done are, although extensive, not as huge as once projected. Our job in RCRA, for instance, was once thought to involve over 20,000 permittees. Our current estimate of the number is about half of that and many of those could be handled with class permits, saving administrative reviews for everyone. Superfund was once talked about to involve tens of thousands of sites requiring direct Federal expenditures. We now all acknowledge we still have our hands full, but with hundreds, not thousands. I do not minimize our tasks. I do, however, insist that we all must recognize its changing nature and the past and present payoff of investment.

Once a regulatory program matures, with greater and greater State participation, the resources needed at the Federal level should diminish. Such a comparative reduction of Federal funds should not and does not signal a diminution of Federal commitment.

The high levels of initial investment in our programs over the past 5 and 6 years are attributable to your deep concern and to the concern of the American people. They reflect the Nation's long-standing commit-

ment to environmental goals. In total, for instance, between the time TSCA was enacted and 1981, we, as a nation, invested $276 million; by the end of fiscal year 1983 we will have invested over $400 million. Since the Clean Air Act Amendments in 1977 we have invested $1.1 billion—$384 million alone in grants to States. Because we share these concerns, we intend to keep that commitment, and to do so in a way that builds on these past investments, while bringing in greater State involvement wherever possible.

I have submitted more detailed highlights in my written statement which provide examples of why we can fully implement many programs in 1983 with less funding.

Our budget contains $182 million for grants to States. These funds are focused primarily on those grant efforts designed to assist States in implementing specific statutory responsibilities when those responsibilities are delegated.

Again in my written statement, I have discussed at greater length the explicit assumptions used in establishing our State grants budget. They are: Our reduction of program requirements on the States; a strong and increasing commitment on the part of the States to implement environmental programs; and the enormous investment which we have already made in the States to assist in initiating those programs—$1.4 billion since the major statutory changes began in 1976.

I believe our proposal for 1983 is a realistic approach to the problems facing both ourselves and the States. We are acknowledging the success we and the States have had over the past 10 years in establishing, operating, and achieving mutual objectives in all environmental programs.

Obviously, our research efforts have been and will continue as a mix of long-term and more immediate investigations and applications. In the year ahead, while we will continue to pursue our long-term research commitment, we intend to focus our research effort primarily in support of regulatory outputs required by individual program efforts. We are concentrating on four areas. We will focus on improving the scientific basis of our regulatory actions. Research will become more directed at providing the basic information for regulatory reform. We hope we will insure that our research base is adequate, particularly in areas of emerging concern, such as our investment in acid rain research, where we are increasing our investment 33 percent, from $9 million to $12 million. Finally, we are continuing our commitment to long-term research. We will continue to have direct relationships with the academic community in our grant programs directed at specific research needs.

In summary, the research program we present is sufficient to meet the statutory demands facing us in 1983 and thereafter, and represents a reduction in areas where our past investments have paid off; a reduction in areas where our work is no longer necessary and, more important, a focus on the work still to be done.

The Agency is implementing a reorganization of the enforcement program. This reorganization is designed to improve the effectiveness and efficiency of our enforcement efforts.

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We have also shifted hazardous waste permitting from the enforcement program to the abatement and control program, leaving more than 1,400 personnel devoted to enforcement efforts of all kinds.

Much attention has been placed on the number of new case referrals. We believe this measure has never been, and should never be, a major standard for judgment of enforcement efforts. As we delegate more and more to the States, the overall number of Federal cases referred should not increase. We do want to avoid the inefficiency of filing a duplicative Federal lawsuit where an effective State action is pending.

Nonetheless, there are appropriate circumstances for EPA judicial enforcement action, and we will not shrink from using this and all other legal tools at our disposal where necessary to obtain and maintain compliance. New civil litigation referrals from the regions have increased substantially in the past month.

Our headquarters staff is now completing development of 63 cases received since March. Filing of these cases should make clear that violators who underestimate our enforcement efforts do so at their own peril.

Our criminal enforcement program is carrying a large docket of active cases. At the current rate of criminal case referrals, we should have more criminal referrals in 1982 than in 1981. The recent convictions in Pennsylvania for criminal violations of the Clean Water Act and Refuse Act, and the guilty plea to charges of willfully polluting a tributary of the Hackensack River and falsely reporting compliance with permit requirements, make clear that we will not countenance deliberate, unlawful conduct.

We were also successful in concluding, last month, a RCRA suit brought to compel cleanup of the Bluff Road Superfund site near Columbia, S.C. Under a partial consent decree entered in U.S. district court, 12 companies who used the site will pay $1.6 million into the fund to pay for 75 percent of the surface cleanup.

We feel this type of action demonstrates our resolve to not just file lawsuits, but pursue enforcement actions relentlessly to obtain compliance where our initial informal approaches are not successful.

In summary—and again I apologize for the length; there is no short way to talk about our budget—we intend to pursue a forceful and results-oriented strategy. As I have continuously emphasized since taking office, I will focus on fulfilling our statutory mandates for environmental protection, and on doing so in concert with the President's mandate to reduce Federal spending. Despite all the rhetoric that has been leveled at our budget proposals since long before they even existed, fiscal responsibility and environmental objectives are not mutually exclusive.

Many of those who have made such charges have done so with exaggerated and inflated figures. But the facts refute such claims. Again, this budget represents a cut in spending of 7 percent in the operating and Superfund programs and a reduction in personnel of 12 percent. Not a cut, as some have said, of half the Agency's budget. One organization published a report claiming that 80 percent of the Agency's work

force would be downgraded or involuntarily separated within the next few months. Again, as I said, since March 1981, about 100 individuals have been involuntarily separated, and as I have said, no separations due to the budget are planned for 1982. Those are the facts, and the detailed budget you have received supports them.

This administration's agenda is overt—a strong Environmental Protection Agency to meet the environmental protection goals of the Nation. We intend to concentrate on our statutory mandates, reduce backlogs which we inherited, implement the original intent of Congress by delegating to the States wherever possible, and improve and enhance the science behind our programs.

We feel we have submitted a sound budget and an effective one. It is one that we are proud of.

Again, thank you, Mr. Chairman, Senator Leahy. Obviously we are prepared to respond to your questions.

GAO AND OTA PRESENTATIONS

Senator GARN. Before starting the formal questioning, do you have any comments you would like to make about either the GAO or the OTA presentations that were made earlier this morning?

Mrs. GORSUCH. Yes, Mr. Chairman, I appreciate the opportunity. I would refer to Rita Lavelle at this point.

Ms. LAVELLE. Thank you, Mr. Chairman.

I would like to make three points in response to the comments that were made this morning.

The first question that was raised was can we meet the April 28 deadline as committed to on the national contingency plan, and why the delay in the past? First of all, the CERCLA required promulgation of the plan within 180 days of its enactment. EPA was not delegated the responsibility until August 14, 1981. Prior to that, CEQ had responsibility for the plan. EPA transmitted the plan to OMB October 21, 1981, which was actually 90 days after we were given the responsibility. At the same time, the plan was then distributed to the other members of the national response team. It took almost 2 months to receive and act on the comments from the NRT agencies. OMB approved the plan for publication March 5, and we published it a week later, March 12. At this time we are marching to an April 28 cutoff of final comment and we anticipate that the May 28 final promulgation will give us no problems.

The second point that was raised was, will the States be able to raise the 10 percent required in the State cooperative agreements guidance? We do not project a substantial financial burden to the States as a result of this policy at this time. In fact, we are estimating for remedial investigation feasibility studies and design an average cost to the States of about $130,000 per site. This is a high end of the figure. That would be 10 percent of the cost. We are allowing significant flexibility in the schedule so the State payments will not be limited and they can pay as they go.

Additionally, a lot of States have stepped up to the challenge already and have expended funds for this portion, and we are allowing that expenditure to be a credit against their total share.

One other point that probably should be made is that Superfund, as we are running it, does not preempt a State from using special revenue measures such as taxes or fees.

The final point I wanted to make is that the success of the program should not necessarily be tied to the money expended as being the only indicator of success. Even though we did not have the national contingency plan in place, we have moved forward. We have 42 remedial actions, with $53.6 million allocated. We have removal actions started at 54 sites, where we have also allocated $30.1 million. So we have not been sitting back waiting for promulgation of the NCP; we have been moving. I think we should be measured on the number of sites cleaned up as opposed to the number of Federal dollars spent.

STAFFING LEVELS

Senator GARN. Thank you.

There has been a lot of rhetoric about EPA staffing levels, and you have already, in your opening statement, referred to them. I would like to go through a series of direct, straightforward questions to once again put it on the record. Before doing that, I would like to insert a copy of your February 5, 1982, letter to all EPA employees reaffirming your commitment to avoid RIF's.

[The letter follows:]

LETTER FROM ANNE MCGILL GORSUCH

FEB 5 1982

THE ADMINISTRATOR

Employees of the Environmental Protection Agency:

For months now, we have been bombarded with countless press reports and rumors of massive personnel reductions planned for this Agency. These ceaseless rumors have disturbed and distressed me greatly because of their significant negative effect on you, the employees of this fine Agency.

As you know, I am fully committed to the President's efforts to reduce the size and expense of the Federal government. While he demands a strong environmental protection program, we cannot expect to be immune from the complex and perhaps painful process of budget reduction.

I have repeatedly stated that when a decision was made about how we would implement our budget reductions, you would know first, immediately and directly. I stand behind that commitment. I have concluded that there will be no involuntary separations due to reductions-in-force at the Environmental Protection Agency during the remainder of FY 1982.

Of course, I know that you are also concerned about the nature and effects of the FY 1983 budget. Based on the overall EPA budget which will be proposed by the President, I expect to continue the same policy of no involuntary separations due to reductions-in-force into and through FY 1983.

This announcement will no doubt dismay those who do not have the best interests of the Agency at heart. It is not the stuff of sensational headlines. It reflects simple but terribly important management decisions that I have prayed I could make and am now relieved I can make.

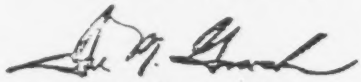
I have said from the beginning that we will do a better job -- not the same job -- but a better job, of protecting the environment. I recognize more than anyone that it is you good people who will achieve that goal. You should know that I appreciate and am proud of the strides we are making toward that goal in every program area.

We will fully implement the President's policies, both a strong environmental protection program, and a reasoned reduction in resources. Many people have treated these as mutually exclusive aims. I disagree. It will not be done with mirrors as some would suggest. Rather, it will be done with the imagination, energy, technical skill and managerial savvy that the employees of this Agency possess to an extraordinarily high degree.

Unfortunately, this will not be the end of rumors about the future of the Agency and its employees. You will no doubt continue to be bombarded by stories intended to focus our energies and attention on "windowsill" politics. I pledge to each and every one of you that I will share the facts with you, dispelling the rumors. Together, we are making this Agency an organization of which we can all be justly proud.

In short, "Hang in there, EPA."

Sincerely yours,



Anne M. Gorsuch

Senator GARN. Second, I would like to make the point for the record that during the conference between the House and Senate on the fiscal year 1982 bill, I agreed to add $50 million to EPA's September S. & E. budget request.

Now, how many employees were involuntarily separated as a result of RIF's in 1981?

Mrs. GORSUCH. Mr. Chairman, the number is 103 employees who were involuntarily separated due to reductions in force initiated in fiscal year 1981. Of those employees, 57 left during fiscal year 1981; the balance of 46 did not leave the Agency until the early part of fiscal year 1982. Again, this is out of the total work force of approximately 10,000 people.

Senator GARN. How many Agency employees were affected by RIF's in fiscal year 1982 before your February 5 letter?

Mrs. GORSUCH. Mr. Chairman, we initiated only one reduction in force in fiscal year 1982. In that action, no one was involuntarily separated. However, 59 employees were reassigned to other jobs at the same location and 27 were downgraded.

Senator GARN. How many employees have been involuntarily separated thus far in fiscal year 1982?

Mrs. GORSUCH. As I indicated, 46 employees were involuntarily separated in 1982 due to reductions in force initiated in 1981, a part of that total of 103. No one has been separated because of reductions in force initiated in fiscal year 1982.

Senator GARN. And you stated earlier that you do not plan any involuntary separations during the remainder of fiscal year 1982 as a result of RIF's.

Mrs. GORSUCH. That is right, Mr. Chairman.

Senator GARN. If we approved your fiscal year 1983 request for $538,113,000 for S. & E., would you be required to RIF personnel?

Mrs. GORSUCH. Our salaries and expenses appropriation fully funds our requested work-year level. We are hopeful, given the continuation of our current rate of attrition, that a further reduction in the size of our work force will not be required. However, I do want to leave myself a caveat, because we do not know what the appropriation level will

be, much less what our proper skills mix might be in the forth- coming year.

EPA EMPLOYMENT MIX

Senator GARN. Several weeks ago you supplied the subcommittee with a list of your employment mix by EPA's 10 largest occupations. Could you provide the subcommittee an update of that chart for the record?

Mrs. GORSUCH. Yes, Mr. Chairman, I will do that.

[The information follows:]

EPA EMPLOYMENT MIX BY OCCUPATIONS

Ten Largest Occupations	October '80		October '81		March 30, '82		Reduction	
	#	%	#	%	#	%	#	%
Environmental Engineers	1563	10.1	1498	11.1	1449	11.2	114	7.3
Clerk-Typists	1344	8.7	916	6.8	997	7.7	347	25.8
Secretaries	1182	7.6	1183	8.7	1123	8.7	59	5.0
General Physical Scientists	1127	7.3	1097	8.1	1059	8.2	68	6.0
Environmental Protection Specialists	960	6.2	950	7.0	916	7.1	44	4.6
GS-301 Admin. Types	893	5.8	477	3.5	467	3.6	426	47.7
Chemists	744	4.8	686	5.1	659	5.1	85	11.4
General Biologists	713	4.6	649	4.8	636	4.9	77	10.8
General Lawyers	507	3.3	486	3.6	472	3.7	35	6.9
Admin. Tech.	479	3.1	449	3.3	458	3.5	21	4.4

Senator GARN. A casual review of the charts indicates the bulk of your attrition from October 1980 has been in clerk-typist and administrative employees, as mentioned earlier. These account for over 60 percent of staff attrition. Would you care to comment on the implications of this chart to the argument that the EPA is losing all of its scientific and professional talent?

Mrs. GORSUCH. Mr. Chairman, I think the chart clearly shows that is unfounded rhetoric. We are not, it is clear from the facts, experiencing that kind of a "hemorrhage." In fact, when I came to the Agency, the clerk-typist/administrative positions accounted for 26 percent of the Agency's on-board staff. That was about double the average of other Government agencies. The fact that we are losing people in this category, frankly, begins to bring us more in line with the profile of other Government agencies.

GAO REPORT ON OVERTIME

Senator GARN. Last month the General Accounting Office issued a report on overtime management and practices at EPA. The report concluded that EPA headquarters managers and supervisors do not appear to be managing overtime to insure that the work is necessary. Much of the overtime reviewed was for nonpriority administrative work which did not meet EPA's criteria for justifying overtime. Furthermore, over 60 percent of the overtime paid to EPA headquarters employees in the GAO sample was not documented with overtime authorizations. In addition, overtime system controls did not insure that overtime claims were legitimate.

I would like you to comment on the GAO report and, if the GAO findings are true, what you are doing to remedy the situation.

Mrs. GORSUCH. Thank you, Mr. Chairman. Dr. Horton is prepared to respond to that.

Dr. HORTON. Mr. Chairman, actually in the fall of 1981, prior to the issuance of the GAO report, EPA took action to correct its timekeeping deficiencies. In the fall of 1981, we issued detailed policies and procedures governing the documentation and handling of time and attendance records. In January, specific procedures for documenting and recording overtime were issued. At this same time, we requested that all allowance holders review biweekly payroll labor distribution reports to verify that overtime charges are proper. In addition, I, as the Assistant Administrator for Administration, have issued a memorandum encouraging all our supervisors to evaluate their justification for regularly scheduled overtime and to consider alternatives for using overtime. We believe that these corrective measures address all the concerns detailed in the GAO report and provide enhanced protection against fraud and abuse.

I would also like to note that overtime use in the Agency has decreased substantially, from a high of $2.9 million in fiscal year 1980 to a projected 1982 usage of only $1 million.

OFFICE OF CONGRESSIONAL LIAISON REPROGRAMING

Senator GARN. On March 16, Chairman Boland and I wrote you a letter rejecting a reprograming request to transfer $260,000 into the Office of Congressional Liaison. You are well aware that Congress directed that Office not exceed a total of $730,000. The requested reprograming would have resulted in exceeding that limit. In fact, personnel actions taken by EPA before you requested the additional funds would have locked the Office into exceeding that limit.

I was pleased to receive your letter of April 1 on this issue and would like to place it in the record at this point.

[The letter follows:]

LETTER FROM ANNE GORSUCH, ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY

APRIL 1, 1982.

Hon. JAKE GARN,
Chairman, Senate Appropriations Subcommittee on HUD-Independent Agencies.

DEAR CHAIRMAN GARN: I received your letter of March 16 concerning our request to reprogram $260,400 into the Office of Congressional Liaison and have taken the necessary measures to comply with its instructions. That Office will not spend more than $730,000 for its activities in 1982.

By the close of this week, the Director of the Office of Congressional Liaison will have reduced his Office to 15 employees, more than half of its current strength. This is the largest number of employees which can be fully supported by available funds for the remainder of the fiscal year. When measured in total work-years, they constitute about one-third less than the Office's authorized ceiling of 23.1.

Despite having taken this action, however, I must reassert my conviction that the request for the Office of Congressional Liaison contained in the President's 1983 budget is necessary to support adequately the needs of this Office. My staff will be working with yours to resolve any further questions and to seek changes to this Office's budget through the proper procedures.

Sincerely yours,

ANNE M. GORSUCH.

Senator GARN. Could you please describe for the subcommittee the action you took and how you intend to avoid situations like this in the future?

Mrs. GORSUCH. Mr. Chairman, first of all, 17 employees were outplaced on April 1 from the Office of Congressional Liaison. That leaves us with a staff of about 15. And, of course, we will follow the congressional directive in terms of the expenditures of funds for this or any other office.

I would say that in terms of our 1983 request, we do receive approximately 4,000 pieces of congressional mail each and every year, and likewise, we have direct or indirect reporting responsibility to approximately 44 congressional committees and subcommittees. Given those figures, I feel very strongly that our current staff of 15 that is directed as a level by Congress—and certainly we will respect that—is insufficient to provide adequate congressional liaison in the future.

COST REDUCTIONS

Senator GARN. Last month you provided the subcommittee with a list of 25 specific actions that your Office of Administration has taken to reduce the cost of doing business. Could you supply this list for the record?

Mrs. GORSUCH. Certainly, Mr. Chairman.

Senator GARN. And could you briefly comment on those actions at this time?

Mrs. GORSUCH. Again, if I could refer to Dr. Horton, I think he could summarize them quickly.

Dr. HORTON. Mr. Chairman, we have taken a number of actions early on in this fiscal year specifically directed at cost reductions. There are many individual areas we have detailed in this report. During the first quarter of the fiscal year, at least for the time ending in January, we have identified actions which will save at least $7 million on an annual basis. We are now looking into additional actions which we feel have the potential for significantly higher cost reductions, but I do not want to comment at this particular time only because I would be talking about proposals and not about what we have actually implemented.

[The information follows:]

COST CONTAINMENT ACCOMPLISHMENTS

- Cash Management - By reducing the size of imprest funds by 1/4, the level of cash advances to grantees by $4 million, and the extent of travel advances to agency employees by $300,000, EPA will save the U.S. Treasury close to $750,000 in interest in FY82.

- Overtime - We have cut EPA's overtime costs from $2.9 million in FY80 to a projected FY82 cost of less than $1 million.

- Leased Space - By consolidating our leased space holdings in headquarters, RTP, Cincinnati, and the regions, we anticipate saving $500,000 in this year.

- Publication Distribution - By consolidating the publication distribution operations in Cincinnati, EPA will save about $202,000 in the first year.

- Grants Close-outs and Deobligations - By the end of January, we had closed out almost 500 grants which had been completed for more than 120 days but never formally closed, resulting in deobligations of more than $2 million. More than half of these deobligated funds will revert to the U.S. Treasury and the remainder will return to EPA for discretionary reobligation.

- ADP Consolidation - We have consolidated the handling of data contracts in the regions, which we anticipate will save EPA $100,000 in FY82.

- Telephones - We expect to save $670,000 in FY82 as a result of restricting dial-9 long distance and removing unnecessary equipment. The average monthly dial-9 bill alone had been running at $30,000 and has been reduced to an average of $6,000.

- Travel Management - We have revised procedures to reduce administrative costs and to maximize our use of off-peak and other discount pricing and have instituted a pilot automated travel management system.

- Grants Administration - We are revising our grants regulations and procedures to strengthen management and simplify administrative requirements for recipients. This will streamline them while controlling better against waste, fraud, and abuse. Our revisions will also eliminate unnecessary requirements, limit the paper work required of grantees, and develop consistency across all of EPA's financial assistance programs. For instance, we are revising the regulations governing grantee procurements to allow grantees to use their own procurement systems and to self-certify. Another proposed revision would allow applicants to use their own fiscal year instead of the federal fiscal year in developing their assistance applications. This would enable the state agency to develop a single work program for both its own purposes and for the EPA assistance application. These changes should save the state both resources and paperwork.

- Contracts Administrative - We have also revised our contracting procedures to strengthen management and simplify administrative requirements. To date we have strengthened our procurement planning process to: require contracts over $100,000 to be approved at the Assistant Administrator level; improve level of effort contracting through restrictions on the use of options and improved financial reporting; and require Office Directors to be involved in major source selections and award fee determinations. In addition, we have reduced the operating costs of our Contract Information System by 15 percent.

- Contract Closeouts and Deobligation - We have developed "fast track" procedures to closeout many contracts administratively which have long been completed. Of 444 contracts targeted, 213 have been closed out. In addition, we have targeted 152 contracts for potential funds deobligation. To date, ten deobligated contracts have yielded $700,000.

- General Administrative Procedures - We have eliminated or simplified many agency forms and records, are automating new aspects of our personnel and financial management systems, have reorganized several of our operations to increase efficiency, and have refined and fully automated our Merit Pay System.

- Printing/Duplicating - We will save about $100,000 in FY82 by condensing our Federal Register notices, taking advantage of discounts available for prompt payment of invoices, buying supplies in greater quantities, and purchasing instead of leasing some of our copy machines.

- Facility Operating Costs - Through our comprehensive attempt at controlling our service contracts and heating and ventilating systems we will reduce our utility costs by approximately $37,200 in FY82.

- Library Savings - We reviewed all the subscriptions received by the headquarters library to reduce the number which unnecessarily duplicate subscriptions held by other parts of the agency. We expect to reduce EPA's costs by $50,000 in FY82.

- Data Processing Operations - We have reduced operating costs of the National Computer Center (NCC) by $2.4 million with no appreciable degradation in services by eliminating excess equipment, realigning telecommunications facilities, and introducing more efficient operating software.

- Capital Equipment Control Program - We have instituted a centralized screening process with standardized procedures to control the purchase of capital equipment. We expect that this will lead to redeployment of excess laboratory equipment and eliminate duplicative purchases of new equipment.

- Waterside Mall Clean-up - We have completed the cleaning of the East and West Towers, have inspected and eliminated safety hazards, and have identified and recycled unused or broken furniture and equipment through our property management system. A similar program is now underway for the mall area.

- Audit Resolutions - We have resolved 98% of our June unresolved audit backlog, required that interest be paid on all overdue audit recoveries including appealed audit decisions to discourage frivolous appeals and delaying tactics, instituted a quarterly reconciliation of automated Accounts Receivable and IG records to ensure that all amounts due EPA are billed and collected, and strengthened our management to prevent a future backlog of unresolved audits.

- Pilot Streamlined Procurement Process - This pilot program reduces the optimum lead time for new competitive contracts under $500,000 by 33%, speeding up our operation while reducing our resource needs.

- Consolidated Financial Assistance - We are consolidating financial assistance programs to make it easier for states to do business with us. Our consolidation allows a single application for all program funds, a single comprehensive public review, a coordinated EPA review process, consolidated reporting by the grantee, a single evaluation, and an integrated audit. Our approach recognizes that needs vary from state to state. Consolidation is voluntary, and an agency which prefers to receive separate categorical awards may do so. The mechanism is flexible so that an Agency may consolidate some of its assistance while continuing to be eligible for categorical awards under other programs. Consolidation is also adaptable, and the decision whether or how much to use the mechanism to coordinate program activities will be made by each state agency.

- Revised Directives System - Piloting a new analytical methodology, the Management and Organization Division conducted a cost/effectiveness review of the agency's Directives System. The result of the study was a plan to redesign the system to improve its effectiveness while lowering the agency's costs by about $700,000.

- Forms and Publications Contract - By renegotiating our Forms and Publications Center contract, we will reduce our annual expenditure by $49,177.

- Delivery and Receiving Contracts - We have combined these two functions into a single solicitation at a savings of $68,388 annually - without any change in service.

- RTP Facility Services - During FY82 we expect to save approximately $114,000 in RTP faciltiy operating costs by eliminating two guard stations and substituting card readers, and by reducing the frequency of some custodial tasks.

Senator GARN. Thank you. My time is up.

Normally some committees run on the basis of seniority. Senator Proxmire fortunately knows my procedures from the Banking Committee. I reward those who are punctual. Senator Leahy was here first. Although he is junior, he will be next.

Senator LEAHY. Thank you. I am perfectly willing to yield.

Senator GARN. That is up to you. But my distinguished colleague knows what I do in the Banking Committee. So you two can fight it out.

Senator LEAHY. We also do it in the Intelligence Committee. But I will yield.

Senator PROXMIRE. No, no. The chairman is always consistent—not always right, but always consistent. Go ahead.

Senator LEAHY. Thank you, Bill.

BUDGET REQUEST FOR 1983 VERSUS 1982

Mrs. Gorsuch, you said there has been some confusion in the budget, and I think we all agree on that. I notice that on the last page of your statement you say:

> This budget represents a cut in spending of 7 percent in the operating and Superfund programs and a reduction in personnel of 12 percent, not a cut, as some have said, of half the Agency's budget.

If I look at your 1981 operating budget and your 1983 budget, compare the two, I see a 39-percent cut from 1981 to 1982, not 7 percent.

I see in your estimates no inclusion for inflation. I also see within your estimates $230 million for Superfund—which is not a pollution prevention program; it is an after-the-fact cleanup program.

And when I do all that, I am left with a question. If, indeed, there is a cut of nearly 40 percent in 2 years, of whether the Agency can do the job. Now as I understand your testimony, you are saying there are three reasons why it can. They are increased efficiency, completion of projects, and increased delegation to the States.

Now let's look at one of these, increased efficiency, for example. Your research program on a type of pollution known as oxidants is cut 39 percent compared to 1982. Your congressional budget submission that we received explains:

> The net decrease results from the reduction due to efforts to more efficiently schedule the work needed.

That is something, along with the chairman and everyone else, I would like to see—more efficient scheduling of work needed. But then I went and looked at your OMB submission, and that says something entirely different. It says this budget cut "represents a reduction in effort across all of the program elements except for scientific assessments, including a reduction in effort in volatile organic compound control, agricultural crop damage, and extrapolation of ozone effects between animal models and humans."

It appears that while your submission to Congress says the cuts were based on efficiency, the submission to OMB says they meant real reduction in effort of programs critical to the public health and agriculture

resources. I am confused. Which is it? Is it efficiency or are we really cutting the programs?

Mrs. GORSUCH. Senator, let me go back to the beginning of your question about the arithmetic involved. I think if you look between 1981 and 1983 that our operating budget in terms of our proposal—mind you, this is our proposal—based on what Congress has already accepted, plus our proposal to you, would be a 29-percent reduction in our operating costs, not 39.

Senator LEAHY. And not 7 and not 12?

Mrs. GORSUCH. No, Senator, if you will let me make the distinction. The 7 percent is total, including the Superfund, if you will. If you are talking about operating budget, indeed, we are proposing between 1982 and 1983 a 12-percent reduction. The years 1981 and 1982 are already a fait accompli; we do have a 1982 budget.

In terms of whether or not we calculated dollars for inflation, obviously in any budget request you do your best in terms of projecting your needs based on the current dollar value.

Now as to your last point in terms of are we effecting efficiencies or are we indeed decreasing our work level, level of effort in certain areas, indeed, both sometimes go very much hand in hand, and I would like to refer to Dr. Riordan, who is in charge of our research and development programs, to more fully answer your question in this one particular area, which is air oxidants, if I understood you correctly.

RESEARCH PROGRAM REDUCTIONS

Senator LEAHY. It does, and let's make the answer very specific to the question. That is, the submission to the Congress says that the cuts are based on efficiency and the submission to OMB says instead they were made as a real reduction in effort in programs. Perhaps you could tell me which is it, which is right? Is your submission to Congress the evident one or your submission to OMB the accurate one?

Dr. RIORDAN. In fact, I think both are right. We are cutting work in certain areas, but we are cutting the work because it leads toward better efficiency, and we believe in providing research projects to the Agency. I think that can be best exemplified by going through a few examples.

Senator LEAHY. So we can be sure we fully understand, can we stick with this one example. Maybe if you could explain that one to me it will make it easier to understand the others. You deal with these every day and we deal with them only periodically. Let's stick with one to make sure we fully understand it.

Dr. RIORDAN. The example has to do with better scheduling of criteria document research.

Senator LEAHY. The example is this: The congressional budget submission explains that, "The net decrease results from the reduction due to efforts to more efficiently schedule the work needed," but yet to OMB it says, "The cut represents a reduction in effort across all of the program elements except for scientific assessments, including a reduction in effort in volatile organic compound control, agricultural crop damage, and extrapolation of ozone effects between animal models and

humans." It seems to be saying to OMB that you are cutting the effort and to Congress you are saying you are being more efficient. Which is it?

Dr. RIORDAN. Both.

Senator LEAHY. The effort is being cut?

Dr. RIORDAN. Definitely yes, it is being cut in those areas where we have identified research that doesn't have enough payoff for our regulatory program. In other instances it has been cut because the marginal benefits from the additional work just aren't going to be realized.

Senator LEAHY. But your own budget document says volatile organic compounds are a major cause of the nonattainment ozone problems. Is it important or isn't it? This is the first I have heard you say before Congress you are making a cut in effort.

Dr. RIORDAN. The volatile organic compound technology program is pretty much level. I would like to go back to the figures. Could you repeat the statement again on volatile organic compounds, please?

Senator LEAHY. You see, there are two. That is the problem. There is the one here to the Congress which says, "The net decrease results from the reduction due to efforts to more efficiently schedule the work needed." But to OMB it says, "the budget cut represents a reduction in effort across all of the program elements except for scientific assessments, including a reduction in effort in volatile organic compound control, agricultural crop damage, and extrapolation of ozone effects between animal models and humans." And then your own budget document says volatile organic compounds are a major cause of nonattainment of the ozone problem.

Dr. RIORDAN. We have considerable work devoted to the control technology problem of volatile organic compounds. We have thermal oxidation and catalytic oxidation. We may have some small reduction because of work completed, but I would have to go check the program. I am convinced we are covering adequately the options that are available for technology involving VOC.

Senator LEAHY. Do you feel this might be an isolated example?

Dr. RIORDAN. Isolated example of a cut, no; we have cut several areas of the oxidant area, but we have done it for specific purposes.

Senator LEAHY. Do you think this may be an isolated example where the cut might be in the effort and not just as an efficiency?

Dr. RIORDAN. Well, there again I would repeat, the cut in the effort is part of the efficiency objective. It is the realization of efficiency to cut that kind of work we feel is not contributing directly to the needs of the Agency.

Senator LEAHY. I don't mean to use your words the wrong way, but if you follow that to the logical conclusion you could say it is not logical by stopping all effort. I am not saying that is what you are saying.

Dr. HERNANDEZ. But you don't get the job done that way. What you are trying to do is cut the marginal costs, and that is what Courtney said. He says what we are looking at is trying to shave those things that didn't produce quick and good results; let's cut those expenses and spend our moneys where they have the most value to us. That is called efficiency.

BUDGET SUBMISSION TO OMB VERSUS SUBMISSION TO CONGRESS

Senator LEAHY. It is still somewhat confusing, because I went through the OMB document in detail and asked my staff to go through it even more so, and we collected all those places the budget cuts are explained as reductions in effort. Other changes were accommodated by increased efficiency, delegation to the States, or completed objectives. I accepted that at face value.

But I have eight pages of reductions that represent 70 projects that won't be done. Sixty percent of those involve public health matters. They involve efforts to control auto pollution, to control toxic water pollution, toxic air pollutants, and health risk assessments of high priority drinking water contaminants.

I notice my time is up now and I will wait for the next round. But in between I will give you a copy of that study and I would like you to take a look at it. It is one thing to tell the Congress you are being more efficient, because we all want to see every program be more efficient, whether yours or anybody else's. It is another thing to come up here and tell it is more efficient but then be telling OMB what we are really doing is cutting out programs.

I will have my next turn, and I will yield to you. Let me pass out copies of that study anyway and give you a chance to respond.

Mrs. GORSUCH. Senator, I appreciate having the opportunity. Obviously, we are at a loss because an OMB submission doesn't necessarily coincide with yours.

Senator LEAHY. We took it out of our document.

Mrs. GORSUCH. I understand that. However, I feel we would provide a better response in the record.

But let me say that we have not, as I think you might have suggested, told Congress that we are not reducing the level of effort in any area. Indeed we are. In our budget proposal there is a real proposed reduction of the level of effort in terms of research and development on energy, where we have testified before the various subcommittees in the House telling them that we feel our current basis of knowledge has far exceeded the actual development of the synfuel industry, where we have done considerable research in terms of the waste streams produced by that industry based on prototypes. The prototypes have taken us to a certain extent, but we feel our best future action would be to concentrate on real world development of the synfuel rather than continuing the same level of research based on prototypical examination. We are suggesting a real reduction in level of effort there and, instead, concentrating our efforts on actual permits of the synfuel industry as they come on stream.

So we don't feel, or at least I don't, in all instances a reduction in the level of effort is inconsistent with efficiency. But, by the same token, there are areas throughout the budget where we are very seriously proposing to you our level of effort does not have to be the same or greater than it was last year. The synfuel research is just one that comes to my mind immediately.

14-067 O - 83 - 41

Senator GARN. Before I turn to Senator Proxmire, I would be happy to include that report in the record and EPA's response to it.

Senator LEAHY. Thank you.

[The report and response follow:]

Report of Senator Leahy on the Fiscal Year 1983 Budget of the Environmental Protection Agency

Can the Environmental Protection Agency cut its own budget 39% in just two years and still do its job?

The Administrator of the Environmental Protection Agency, Ms. Anne Gorsuch, has clearly answered that question "yes." She explained how this could be done in her testimony before the House Appropriations Committee. In that testimony she argued that the Environmental Protection Agency's budget could be cut without reducing environmental protection by increased efficiency, delegation of responsibilities to the states, and completion of projects.

Other officials responsible for the management of federal health and safety regulations take a very different point of view. For example, Stuart Statler, a commissioner of the Consumer Product Safety Commission, recently stated:

> "I can guarantee you. (These budget cuts mean) there will be more deaths and more maimings and poisoning and fires and burning ..."

The purpose of this analysis is to determine whether the very large budget cuts proposed by the Reagan Administration's Environmental Protection Agency represent increased efficiency of operation or a major reduction in efforts to understand and control environmental pollutants.

This analysis is principally based on two documents. The first is the FY 1983 budget document submitted by the Environmental Protection Agency to Congress (hereafter "Congressional submission"). The second is the FY 1983 budget submitted by EPA to the Office of Management and Budget in September 1982. In this document (hereafter "OMB submission"), EPA sought an operating budget of $975 million. OMB countered with a budget of under $800 million. The Congressional submission asks for $961 million in operating expenses.

There are two parts of this analysis. The first is a series of quotations directly from the OMB submission. The OMB submission is a much more detailed budget than the Congressional budget. OMB is also a much different audience than Congress.

When EPA submitted its budget to OMB, EPA knew it would have to defend itself against much deeper cuts. Before Congress, it would have to defend itself against the charge that it was not doing enough to protect the environment. The EPA's OMB submission makes it very clear that significant reductions in EPA's programs are being made in the FY 1983 budget. Honestly stating these reductions in the OMB submission helped EPA to make its case that it really was reducing EPA's efforts.

The bluntness and clarity of these statements in OMB's submission make clear that Administrator Gorsuch's claim that these large budget cuts can be accommodated through increased efficiency, delegation to the states, and completion of projects is not correct. To paraphrase every Republican policy maker for the last 50 years, "There is no environmental free lunch."

The second section is a more detailed comparison of several sections of the EPA Congressional submission with the OMB submission. In section after section of the Congressional submission, reductions in the 1983 budget are explained as "streamlining," "increased efficiency" and similar terms. In contrast, the OMB submission is characterized by the terms "reduction in effort," "phaseout" and "will not be accomplished." In a number of instances, the contrast between the two documents is striking.

PART I

Reduction in Effort: FY 1983

The following pages contain material directly copied from EPA's submission to OMB. Only material where EPA is stating that it is reducing its efforts is included in this document. In a number of instances, the changes in the 1983 budget were explained by increased efficiency, completed objectives, or delegation to the states. These are not included here because the purpose of this reprint is to indicate that, even if all of the other explanations of budget reductions are taken at face value, the 1983 budget means major reductions in EPA's environmental protection efforts.

These examples of reductions in effort include about 70 different projects of which well over half include health-related projects. For example, there are reductions in effort in toxic air pollutants (page 5-6), to control auto pollution (page 6), toxic water pollution (page 8), health risk assessments of high priority drinking water contaminants (page 9).

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
DECISION UNIT ANALYSIS

DUD #1A

DU CODE A104 HQ X RT ____ DU TITLE OXIDANTS-HC

RESPONSIBLE OFFICE OHD

EXPLANATION OF CHANGE - 1983 REQUEST VS. 1982 PRESIDENT'S BUDGET

- The FY-83 program shows a decrease of 11 positions (PTE) from FY-82 which represents a reduction in effort across all of the program elements except for Scientific Assessments, which grows due to the accelerated effort on preparing the ozone criteria document.
- There is a decrease in total dollars from FY-82 to FY-83 which represents a reduction in effort in VOC control technology development, the elimination of field studies of agricultural crop damage due to ozone, and in the health effects program a lesser effort in the areas of extrapolation of ozone effects between animal models and humans and of chronic effects of NO_2 using short-term, high-level exposures

DU CODE A 109 HQ X RT ____ DU TITLE Hazardous Air Pollutants

DUD #1A RESPONSIBLE OFFICE Research & Development

EXPLANATION OF CHANGE -- 1983 REQUEST VS. 1982 PRESIDENT'S BUDGET

In comparison to the FY 82 President's budget, the following activities will not be funded in this decision unit:

OBJECTIVE 1: IDENTIFICATION AND SCREENING

(1) Certain health concerns relating to volatile organic compounds will not be investigated. These end-points include reproduction, teratology and neurological and pulmonary effects.

(2) Non-invasive methods for human neuro-physiological screening of volatile organic compounds.

OBJECTIVE 2: RISK ASSESSMENTS

(1) Emissions characterization work on municipal incinerators.

(2) Dry deposition research on atmospheric HAP's.

BUD #1A

DU CODE A119 HQ X RT ___ DU TITLE Gases And Particles - Non Energy

RESPONSIBLE OFFICE OAR

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

- In comparison to the President's FY 82 budget, activities on the development and validation of regional particulate air quality simulation models will be reduced resulting in delays in obtaining and processing necessary ambient air quality data.
- Studies of the effects of SO_2 and SO_2/O_3 pollutant combinations on crop growth/yield will be reduced resulting in the closure of one field site and a delay of crop yield and economic modeling activities.
- Inhalation toxicology studies on chronic effects of ammonium sulfate and SO_2 will be completed. Studies on other inhaled particles will be phased out. The development of an exposure chamber to support animal studies on effects of acid compounds, such as nitric acid, will not be undertaken. Studies on effects of organic particles and carbon material in particulate matter will not be conducted.

BUD #1A DU CODE A205 HQ 27 RT ___ DU TITLE Emission Standards and Technology Assessment

RESPONSIBLE OFFICE OANR

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Fewer NSPS projects will be in process in 1983 than in 1982. NESHAPS & Energy related activities will be continued at the 1982 level.

BUD #1A DU CODE A210 HQ 27 RT ___ DU TITLE Pollutant Strategies & Air Stds. Development

RESPONSIBLE OFFICE OANR

Explanation of Change - 1983 Request vs. 1982 President's Budget

Work on alternative strategies for dealing with effects associated with fine particles, sulfates and acidic deposition will be reduced from 1982. New efforts on application of risk assessment methodology for the ozone and lead NAAQS will be possible at a low level using in-house resources.

BUD #1A DU CODE A215 HQ 27 RT___ DU TITLE State Program Guidelines & Regulation Dev.

RESPONSIBLE OFFICE OANR

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Changes result from reduced emphasis on case-by-case SIP reviews. Increased attention will be given to improve technical guidance, develop program audit procedures, improve interstate equity and develop alternative approaches to regulations as a way of attaining air quality objectives. The Office of Transportation and Land Use Policy has been eliminated entirely, in keeping with the anticipated diminished Federal role in transportation/land-use planning with respect to State SIP development activities.

BUD #1A DU CODE A221 HQ 27 RT___ DU TITLE Mobile Source Air Pollution Control and Fuel Economy

RESPONSIBLE OFFICE OANR

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Activities aimed at assessing I/M effectiveness will be reduced in keeping with the large data bases that will be available by 1983.

In-use testing programs will be focused on in-use compliance program development and assessment. An element of this program will be a pilot in-use testing effort.

Work on regulations development will be reduced due to the completion of most legislatively mandated rulemakings. Associated technology and pollutant assessment activities will be curtailed sharply.

Fuel economy information activities, while remaining a high priority, will be lowered to a level consistent with the streamlined preproduction compliance program. Further efforts to design enhancements to the information program will be curtailed.

The certification program, remaining at the FY 1982 funding level, will be directed toward phase-out and replacement by the in-use compliance program in FY 1984.

BUD #1A DU CODE A235 HQ___ RT x DU TITLE Ambient Air Quality Monitoring OMB ONLY

RESPONSIBLE OFFICE OANR

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Resources for NAMS monitors evaluations, have been reduced. A new effort consists of assisting States to establish SP networks and additional emphasis has been placed on assisting states to acquire data for air toxics and acid precipitation. Increased resources are devoted to ensuring the validity of air quality and emissions data and associated analyses. The base program for oversight and periodic evaluation of SLAMS would be continued at a reduced level.

BUD #1A DU CODE A245 HQ___ RT___ DU TITLE FINANCIAL SUPPORT TO STATE/LOCAL

RESPONSIBLE OFFICE AIR, NOISE, AND RADIATION

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Level 1 represents a decrease for support of State and local air pollution control agencies. This results in reductions in the operation and quality of the SLAMS network. A few States will discontinue efforts to enforce automotive tampering and fuel switching provisions for mobile sources. Strategies development for attainment of new NAAQS for IP, including supporting data bases, will be undertaken in only the more major areas.

Level 2 activities are consistent with the FY 82 President's Budget. Limited pilot studies to assess new strategies and techniques for assuring continuous source compliance will be undertaken.

BUD #1A DU CODE A311 HQ 27 RT___ DU TITLE Mobile Source Enforcement OMB ONLY

RESPONSIBLE OFFICE OANR

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

All activities addressed in the FY 82 President's Budget are included in a scaled-down version, reflecting a greater emphasis on an in-use compliance program and increased State participation in the control of automobile emissions. The Selective Enforcement Audit (SEA) program for assembly line testing will be conducted, but at a reduced level. 19 SEA's will be conducted, a 40% cut from the FY 80 level. Mandated waiver activity will be performed as required. Lead phasedown regulations will be reviewed pursuant to the request of the Vice President's Regulatory Task Force. Activities to develop active State enforcement programs to deal with tampering and fuel-switching violations will be carried out. Federal involvement in fuel switching observation and fuel inspections will occur, but at a reduced level. Federal involvement in fuel switching and tampering inspections of commerical repair facilities will occur at a reduced level. Also, waivers for new fuels and fuels additives will be reviewed. Monitoring and enforcing warranty and related provisions of the Clean Air Act will be carried out. Statistical support of all automobile pollution enforcement programs will be provided.

BUD#1A DU CODE B107 HQ X RT ___ DU TITLE Water Quality Non-Energy

RESPONSIBLE OFFICE Research & Development

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Resources for this research program are being reduced by $7.9 million (44%) and 61.1 FTE (18%). This reduction will be accomplished by reduction in the level of effort and corresponding extension of completion dates on:

- Toxic pollutant measurement, monitoring, and quality assurance methods for use in identifying existing situations where toxic pollutants are known to be present.

- Gathering and summarizing health and ecological effects information and conducting risk assessments on current priority toxic pollutants.

- Protocols needed by State agencies in deriving balanced, reasonable site-specific water quality standards for toxic pollutants, based on existing laboratory-derived theoretical criteria.

- Predictive models for use by States in assessing relative risks from alternative pollution control strategies and selecting the most cost-effective wasteload allocation scheme.

- Protocols for use in preparing specific plans for making greater safe use of the oceans for waste disposal.

- Transfer of research results to the States and other clients through workshops, research summary reports, direct scientific support, etc.

In addition to the above reductions, work on the following activities and outputs will be discontinued:

- Health and ecological effects information and conducting risks assessments on newly discovered toxic pollutants found in the aquatic environment.

- Characterization of the significance of dermal absorption as a toxic pollutant exposure route in recreational waters.

- Determination of the health risk, or absence thereof, associated with the recreational use of surface waters receiving advanced waste treatment plant discharges.

- Characterization of the ecological impacts from urban runoff.

- Time variant water quality criteria for dissolved oxygen (intended to allow for less stringent pollution control requirements).

- Protocols for predicting the impacts of proposed actions in wetlands.

- Protocols for predicting and/or documenting the impacts of proposed dredge and fill operations (per Sec. 404 of the CWA).

- Exploratory research conducted through three existing external centers of excellence and the research grants program.

DU CODE B113 HQ X RT DU TITLE Municipal Wastewater

RESPONSIBLE OFFICE Research and Development

EXPLANATION OF CHANGE, 1983 REQUEST vs 1982 PRESIDENT's REQUEST

Research on land application of wastewater will continue at a somewhat reduced level while work on small wastewater flows will be deemphasized in FY 83. Low priority areas that will be eliminated are: toxic pollutants control, (Objective 7), new process development (Objective 4) and the urban runoff combined sewer overflow areas (Objective 8). The health effects research program also reflects similar program shifts with elimination of research in wastewater reuse, small wastewater flows/on-site treatment and combined sewer overflows.

BUD #1A

DU CODE B231 HQ X RT DU TITLE STATE PROGRAMS MANAGEMENT

RESPONSIBLE OFFICE OFFICE OF WATER PROGRAM OPERATIONS

EXPLANATION OF CHANGE - 1983 REQUEST VS. 1982 PRESIDENT'S BUDGET

Resources for headquarters liaison with the Corps have been reduced. Resources for managing the 205(g) and 106 programs and for evaluation related activities are provided at 60% of the FY 1982 level. In the management area, this decrease will affect the scope and timing of the annual 5-Year Water Quality Management Strategy and national annual 106 priority guidance, support to the Regional and State 106 Work Group, and timely resolution of program issues raised by Regions. In the evaluation area, this decrease will result in limited evaluation system oversight of the Headquarters feedback process, limiting the frequency with which feedback is provided to a semi-annual basis. Headquarters will determine priority areas, negotiate standards for all water quality areas to enable Regional-State evaluations and rely primarily on qualitative assessment. Budgeting and program planning resources are provided at 80% of the FY 1982 level.

BUD #1A

DU CODE B307 HQ RT X DU TITLE Permits Issuance

RESPONSIBLE OFFICE Office of Water Enforcement and Permits

EXPLANATION OF CHANGE - 1983 REQUEST vs. 1982 PRESIDENT'S BUDGET

Program in FY 83 will focus only on issuance of highest priority municipal and industrial permits. Industrial permits will be issued to those facilities where guidelines have been promulgated or where guidelines are not scheduled. It is estimated that 30-40% of priority facilities with guidelines or not scheduled for guidelines will be issued permits during FY 83.

Additionally, a reduction in pretreatment activities will occur in FY 83, especially in the area of POTW program assistance/ approval and pretreatment variances and determinations. Only bare minimal resources are directed to pretreatment efforts and only where necessary by statutory requirements.

0810.1A

DU CODE: C104 HQ X RT DU TITLE: Drinking Water

RESPONSIBLE OFFICE: Research & Development

EXPLANATION OF CHANGE - 1981 REQUEST VS 1982 PRESIDENT'S BUDGET

The proposed drinking water research program expands current funding levels for high priority research related to underground sources of drinking water. This will enable the Agency to gather more data regarding the fate and transport of more classes of contaminants in a variety of soil types and the impact on underground water supplies; it will also expand work on development of techniques to detect underground water contamination. This work is carried out in conjunction with research on the behavior of contaminants in aquifers in support of the hazardous waste program. Funding in support of Regional and State drinking water laboratories is sustained at approximately FY 1982 levels, and scientific and technical expertise available to States is increased to FY 1981 levels. The budget request includes funding at reduced levels for:

- o Health risk assessments related to high priority drinking water contaminants;
- o Selected toxicology studies of contaminants;
- o Hazards of alternative disinfectants; and
- o Continuation of some treatment technology evaluation.

The overall level of drinking water research is down by 15.6 FTTE and $5.8 million in extramural funds as a result of cutbacks in lower priority areas. The reductions primarily include some areas in health research, technology development and analytical methods development.

DU CODE C210 HQ 10 RT DU TITLE Criteria, Standards & Guidelines

0810.1A

RESPONSIBLE OFFICE Office of Drinking Water

EXPLANATION OF CHANGE - 1981 Request vs 1982 President's Budget

This level of funding is 95% of the previous year's in-house resources, and 74% of extramural funds. This funding will enable the drinking water program to meet its most important responsibilities, but will force the curtailment of some services and new initiatives. Scientific and technological assistance, exemplified by SDWAC advisories, will be maintained, as will review and reform of primary standards. A new effort to develop methods of characterizing and predicting subsurface water contamination will be started. Active development of toxicological opinions for additives and criteria for waste water reuse will be deferred.--

BUD #1A

DU CODE E21C HQ ____ RT X DU TITLE Drinking Water Management: Public Water System

RESPONSIBLE OFFICE Office of Drinking Water

EXPLANATION OF CHANGE - 1983 REQUEST vs 1982 PRESIDENT'S BUDGET

EPA Regions will conduct PWS programs in non-primacy States and on Indian Lands. These implementation activities were supported in part during FY 82 by $916,900 in extramural funds. These funds have not been requested. The Regions will provide limited assistance to primacy States to increase compliance with the various maximum contaminant levels. Special activities such as investigation of ground or surface water contamination, emergency sampling and analysis and technological assistance to small public water systems will be deemphasized. EPA will not implement the non-community public water system program in non-delegated States nor assist delegated States in their supervision of non-community systems. EPA will no longer monitor to ensure that owners/operators of non-community water systems sample and analyze water on a regular basis, meet recordkeeping and reporting requirements, ensure maximum contaminant levels are not exceeded, and notify the public when a violation has occurred.

BUD #1A

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
DECISION UNIT ANALYSIS

DU CODE E220 HQ X RT ____ DU TITLE Registration

RESPONSIBLE OFFICE Office of Pesticide Programs

EXPLANATION OF CHANGE - 1983 REQUEST VS PRESIDENT'S BUDGET

The 15% reduction in FTE's from FY82 to FY83 will be offset by the implementation of deregulation strategies and the use of cost-saving techniques implemented in FY82 in the administrative, technical, and scientific processing of applications. The decrease in outputs in FY83 from FY82 reflects a reduction in the average number of reviews per chemical in FY83.

BUD #1A

DU CODE E 311 HQ X RT ____ DU TITLE Pesticides Enforcement Grants

RESPONSIBLE OFFICE AA Pesticides & Toxic Substances

EXPLANATION OF CHANGE - 1983 REQUEST vs 1982 PRESIDENT'S BUDGET

In FY83 enforcement grant funding of over $6.9 million will support 57 grants to States, Territories and other entities, an average level of $122,000 per grant. This resource level reflects a desire on the part of EPA that States pick up more responsibility for funding this program. The funding ratio will change from a 75-25 Federal-State average split to a 60-40 split. The drop in overall grant funds may result in fewer grant outputs in some areas, particularly pesticides producer establishment and marketplace inspections, if States do not provide additional funds to meet this new ratio. Some reductions in the number of pesticide application observations, farmer and field worker reentry inspections and other use compliance activities might also result if the States fail to meet the desired ratio. States

may also monitor fewer section 5 Experimental Use Permits, Emergency Exemptions under section 18, and section 24(c) Special Local Need Registrations. Even if this does occur, however, it is anticipated that better planning and priority-setting by the States will result in program efficiencies which would offset some of the impact of possible funding cuts. Minimal funding will be devoted to purchases of laboratory or other equipment and other large scale purchases.

DU CODE M 210 HQ ___ RT X DU TITLE: EIS Review/New Source EIS Preparation

RESPONSIBLE OFFICE: Office of Federal Activities

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Federal Agency Liaison - The addition of the Federal facilities program to this decision unit (without its corresponding resources) and the reduced level of resources available will result in a decreased involvement by EPA in resolving inter-agency environmental controversies. EPA will be able to maintain the current program in Federal facilities compliance, and then only at the expense of EIS review and new source EIS preparation activites. EPA's ability to effectively carry out its mandates under NEPA, section 309 of the Clean Air Act, Executive Order 12088 and OMB Circular No. A-106 will be diminished.

BUDGET

DU CODE L205 HQ X RT _____ DU TITLE Testing and Evaluation

RESPONSIBLE OFFICE Office of Toxic Substances

EXPLANATION OF CHANGE - 1983 REQUEST vs 1982 PRESIDENT's BUDGET

Fewer preliminary and/or detailed risk assessments will be undertaken. This will require a sharper focus in the identification and assessment of chemicals to insure the most efficient use of resources.

BUDGET

DU CODE L210 HQ X RT _____ DU TITLE Chemical Control

RESPONSIBLE OFFICE Office of Toxic Substances

Existing Chemicals - In FY83, it is expected that a more limited existing chemical program will be undertaken than in the past. Three existing chemical assessments are contemplated which may give rise to voluntary action on the part of manufacturers or action on the part of other programs or agencies. In addition, resources are planned to cover one regulatory proceeding under the control provisions of TSCA § 6.

DU CODE N-126 HQ X RT _____ DU TITLE Gases & Particles - Energy

RESPONSIBLE OFFICE Office of Research and Development

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

In comparison to the President's FY 82 budget, full scale evaluation of the electrostatic precipitator precharger and the electrostatically enhanced fabric filtration control technologies will be postponed. Also, support for flue gas desulfurization assessments will be reduced. Research on fugitive control technology assessments and inhalable particulate emission factors will be eliminated. Research on the health effects of gaseous and particulate pollutants emitted from energy sources will no longer be funded in this DU. Research in this area will be funded under the gases and particles non-energy DU when necessary. Also, research on visibility impairment, plume blight, and research on the development of an airborne SO_2/O_3 measurement system, visibility models and a self-contained portable measurement system, will be terminated. Research on the effect on air quality of residential heating combustion products will also be terminated.

DU CODE N109 HQ X RT _____ DU TITLE OXIDANTS - ENERGY

RESPONSIBLE OFFICE RESEARCH AND DEVELOPMENT

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

In FY 83, resources were transferred to the multi-media energy program. As a result of these transfers and other program redirections, the following projects will be eliminated:

- o The study of combustion modification (CM) for industrial process combustion equipment (specifically steel furnaces and glass furnaces).
- o The testing of a second mass-fed stoker boiler.

BUDFIA

DU CODE N348 HQ X RT _____ DU TITLE Legal Services

RESPONSIBLE OFFICE AA Legal Counsel and Enforcement

EXPLANATION OF CHANGE - 1983 REQUEST VS 1982 PRESIDENT'S BUDGET

Total workyears reflect a decrease from the restructured FY 1982 President's Budget due to anticipated decreases in Agency workload. Within remaining resources, greater emphasis will be placed on the Hazardous Waste, Air and Water programs than in previous years, due to a high level of activity in these areas and the Clean Air and Water Act amendments. Additional resources are provided for enforcement-related activities; i.e., review of enforcement policies to assure their legality and support for challenges to enforcement techniques such as overflight.

DU CODE Y105 HQ X RF DU TITLE Hazardous Substance Non-Energy

BUD #1A RESPONSIBLE OFFICE Research and Development

EXPLANATION OF CHANGE - 1983 VS 1982 PRESIDENT'S BUDGET

The ORD program to support Superfund was reduced in FY-83 in the areas of Monitoring and Quality Assurance and in Environmental Engineering and Technology. The monitoring program was reduced by eliminating the nation-wide site discovery project and by reducing the level of effort in providing remote monitoring, sampling and analysis for contact-air and surface and ground water. The engineering program was cut back by eliminating the program for methods development for field verification of techniques for remedial actions. Other engineering programs were reduced in scope such as the manuals preparation effort for emergency response.

PART II

Examples of Contrasts Between Congressional Submission and OMB Submission

The purpose of this section is to provide examples of differences between the budget presentation EPA made to OMB and its submission to Congress. The significance of the changes will be discussed.

Research and Development: Oxidants

The overall goal of this division is to provide decision-makers with "the scientifically credible data bases..methodologies.. and assessments with cost/effective (sic) control technologies to carry out effective, efficient programs to control air pollution from photochemical oxidants." (A-14 OMB)

In spite of the Administration's repeated claims that EPA needs "better science" and "more cost/effective" controls, the 1983 budget represents a "reduction in effort across all of the program elements except for Scientific Assessment..." (A-36 OMB)

This program overall is being cut from a January 1982 estimate of $18.47 million to a 1983 request of $11.45 million. (A-15 Congressional) This is a 39 percent cut in nominal dollars. The $11.45 million Congressional request is $.876 million less than the OMB request. (A-13 OMB)

It is also important to compare the justification offered in the Congressional budget with the justification in the OMB submission. The Congressional request explains that the "net decrease (in the budget area) results from a reduction due to an effort to more efficiently schedule the work needed..." (A-17 Congressional) The OMB submission does not claim "more efficiency" as the justification for this budget cut. It says that this budget cut "represents a reduction in effort across all of the program elements except for Scientific Assessments...which represents a reduction in effort in VOC control...agricultural crop damage...and extrapolation of ozone effects between animal models and humans..."

Of particular interest is the "reduction in effort in VOC (volatile organic compounds) control technology development"

(A-36 OMB) which is listed as one of the major changes in the 1983 budget. This is especially disturbing in light of the fact that EPA has stated that "VOC is a major cause of the non-attainment (ozone) problem" (A-15 OMB)

Volatile organic compounds are hydrocarbons with a light enough structure that they become airborne. Because of auto pollution controls, releases from autos are levelling off. However, because of increased use of these chemicals in oil refining, chemicals, metal coatings and the use of metal coatings generally, the use of volatile organic compounds will generally increase.

Specifically, the budget is proposing cutting funds for the evaluation of "carbon absorption systems for the control of volatile organic compounds from $.437 million in 1982 to $.298 million in 1983."

A second major change proposed by the 1983 budget is due to "a lesser effort in the areas of the extrapolation of ozone effects between animal models and humans..." (A-36 OMB) Ozone controls are critical because persons such as asthmatics, whose lung capacity is already limited, may be crippled by excessive ozone levels. In fact, the Clean Air Act requires special protection of such vulnerable individuals.

EPA is regularly criticized for extrapolating from animal to human effects based on insufficient information. Cutting this research will only make EPA's control efforts less intellectually credible.

Fugitive Controls

One of the most disturbing cuts in the Air R&D - Oxidants budget is the cut from $410,000 in 1982 to $204,000 in 1983 for the "evaluation of measurement and control technology for fugitive volatile organic compounds." (A-45 OMB)

The new EPA has just entered into a consent decree in CMA vs. EPA in which EPA agrees not to require any controls on "fugitive emissions" on new sources. Fugitive emissions are the emissions that do not come out of a stack -- such as leaks and direct process releases.

The plaintiffs in this case argued that EPA should not

try to regulate these emissions because it does not have the capability of measuring these emissions and because no control technologies exist for them. Yet this budget cuts this very research by 50 percent. The effect of this decision is to permit new coke ovens to emit unlimited tons of noxious chemicals each year because all emissions from coke ovens are "fugitive" emissions.

Thus EPA is agreeing not to regulate certain pollutants because of lack of information and capability and, at the same time, cutting the research and development necessary to develop the capability to control such pollutants.

Research and Development: Hazardous Air Pollutants

A comparison of the Congressional submission and the OMB submission is also illustrative. The Congressional request explains that the"decrease is due primarily to the transfer of the control technology program to the Oxidants Non-Energy program, and also to a reduced emphasis on developing source models and providing transport and fate data due to a lessened regulatory need for these data." (A-33 Congressional) There is no mention of a reduction in health effects research.

The OMB submission does list the program transfer as one of the reasons for the budget reduction. It does not contain the remaining reasons. Rather, the OMB submission says that the budget cut is attributed to the fact that the following programs will not be funded: "Identification and Screening -- (1) Certain health concerns relating to VOCs (volatile organic compounds) will not be investigated. These end points include reproduction, teratology (birth defects), and neurological and pulmonary effects. (2) Non-invasive methods for human neuro-physiological screening of VOCs. Risk Assessments -- (1) Emissions characterization work on municipal incinerators. (2) Dry deposition research on atmospheric HAPs" (hazardous air pollutants). (A-68 OMB)

These budget reductions,which are justified to Congress in terms of program transfers and lessened regulatory need, in fact will mean less health research, according to the OMB submission.

Air Quality and Stationary Source Planning and Standards

A third area of contrast involves hazardous air pollutants and new source performance standards.

Under the Congressional request, the budget contains "a decrease of $307,900 in salaries and expenses but an increase of $812,400 in the contract area. This reflects increased development of hazardous pollutants standards (HAPS) and acceleration of the schedule to develop a new source performance standards (NSPS) in 1983. Efforts will continue on the Clean Air Act mandated NSPS projects." (A-77-78 Congressional) The OMB submission's justification of the budget cuts contradicts this statement. It explains that the decrease will occur because fewer NSPS projects will be in progress in 1983 than in 1982. Rather than the increased development of NESHAPS alluded to in the Congressional request, the OMB submission explains that "NESHAPS and Energy related activities will be continued at the 1982 level." (A-139 OMB)

The Congressional document assumes this increase in effort in spite of the fact the level of funding proposed by EPA to OMB was cut by $1.3 million.

Water Quality -- Non-Energy

The water quality research program provides the scientific information, techniques and support functions needed by EPA, state and local pollution control agencies to address ambient water quality problems. The FY 1983 budget rquest for this subactivity is $11,043,800. This request represents a 42 percent cut ($8,099,400 reduction) from the FY 1982 current estimate and a 56 percent cut ($14,186,100 reduction) from the actual FY 1981 level.

The Congressional budget submission explains that the reductions from FY 1982 to FY 1983 "reflect the completion of major efforts in developing criteria documents for the 65 priority pollutants and reduced investments in long-term projects that have no immediate impact on current program priorities." (WQ-17 Congressional)

The OMB document does not mention completion of criteria documents. Rather it says, "This reduction will be accomplished

by a reduction in the level of effort and corresponding extension of completion dates" on a number of projects. For example:

-- "Toxic pollutant measurement, monitoring, and quality assurance methods for use in identifying existing situations where toxic pollutants are known to be present."

-- Gathering and summarizing health and ecological effects information and conducting risk assessments on current priority toxic pollutants."

-- "Predictive models for use by states in assessing relative risks from alternative pollution control strategies and selecting the most cost-effective wasteload allocation scheme."

-- "Protocols for use in preparing specific plans for making greater safe use of the oceans for waste disposal."

In addition to the above reductions, work on the following activities and outputs will be discontinued:

-- "Health and ecological information and conducting risk assessments on newly discovered toxic pollutants found in the aquatic environment."

-- "Characterization of the significance of dermal absorption as a toxic pollutant exposure route in recreational waters."

-- "Determination of the health risk, or absence thereof, associated with the recreational use of surface waters receiving advanced waste treatment plant discharges."

Thus, the OMB document makes clear that a large number of projects, not related to criteria development and which are clearly priority matters, have been deferred or terminated. (WQ-32 et seq. OMB)

Water Quality Grants Assistance Programs

Section 106 grants supplement state resources for water pollution control programs. Section 106 funds cover a wide range of water quality programs, including permits, enforcement, monitoring, construction grants program management, water quality planning, pretreatment, non-point source control, oil and hazardous materials spills response, groundwater management, and

other priority programs. For FY 1983, EPA is requesting $40,845,000 for Section 106. This represents a cut of $10,354,400 (20 percent cut).

The Congressional budget request explains that the reduction of $10 million is due to decreased federal requirements associated with regulatory reform activities and the availability of funds under Section 205(g) (construction grants management funds) and Section 205 (j) (water quality management planning funds). (WQ-70 Congressional)

The Agency budget request to OMB, however, requested only a $5 million decrease in Section 106 and explained that, in order to accomplish that reduction, funding for non-point source control and pretreatment would be eliminated. In addition, funding for construction grants management in non-delegated states would be reduced by 20 percent and funding for operations and maintenance and operator training would be cut by 37.5 percent (WQ-262 OMB)

Summary

A comparison of the Congressional submission with the OMB submission clearly shows that the large reductions in the FY 1983 budget represent real reductions in environmental protection and are not accomplished through increased efficiency, state delegation, and completion of past programs.

EPA'S RESPONSE TO SENATOR LEAHY REPORT

EPA responds to Senator Leahy's report with the following points:

1) This report compares EPA's 1983 budget proposal submitted to OMB in September 1981 to the President's 1983 budget request to Congress. However, it is impossible to respond to comparisons between the OMB submission and the Congressional submission. The document submitted to OMB is not EPA's or the President's budget. It is an internal planning document, subject to discussions between this Agency and OMB. The final budget document, submitted in 1982 to Congress four months after the OMB submission, substantially differs in substance and content from the OMB submission. This evolution of the budget occurs in every government Agency, so there is nothing unique about the EPA process.

2) The OMB submission and the Congressional submission differ in a number of ways. The different time frame in which the two documents were produced, September 1981 for OMB and January 1982 for Congress, is the most critical factor affecting the changes. Several changes occurred in priorities in the Fall of 1981 after the submission to OMB. EPA provided the Research and Development office the opportunity to redo their budget in response to certain critical issues raised during the internal review process. Therefore, the numbers contained in the OMB submission and any comparisons to 1983 are generally meaningless.

For example, Senator Leahy mentions that several areas of water quality research were reduced in the OMB submission. Yet these areas were increased by $1 million dollars by the time of the Congressional submission, thus making Senator Leahy's comparisons meaningless. Senator Leahy also mentions that the Hazardous Air Pollutant screening and risk assessment work was reduced in the OMB document, which was true at the time. However, we added three-quarters of a million dollars to this area in preparing the final Congressional document, resulting in an increase over the '82 current estimate and in only a slight decrease from the 1982 March level (the base of the OMB submis sion).

3) The discussions of the increases and decreases in the OMB document and in the Congressional request refer to two different set of numbers, and thus these explanation of changes are not comparable. The major change that occurred to the 1982 numbers was that Congress approved some reductions to the 1982 budget after the 1983 OMB submission was prepared. The base in the OMB submission was the 1982 President's March budget. The Congressional submission explains changes not from the March budget, but from the final Congressional action ($105 million lower).

One example of different "Explanation of Changes" in the two documents occurred in the Stationary Source area for hazardous air pollutants standards. The amount of dollars requested at both times was the same. However, the explanation in the OMB submission showed a decrease of $3 million dollars from the President's 1982 budget. Given that this 1982 request level was dramatically decreased by Congress after September 1981, the explanation in the 1983 Congressional submission described an increase of $500 thousand dollars from the 1982 current estimate. Therefore, there is no inconsistency with the OMB planning document when the two sets of number are considered.

Another example occurred in the control technology program contained within the Oxidants research area (about half of this control technology work is related to controlling VOC emissions). The fiscal year 1983 funding levels in the OMB package and in the Congressional request are almost the same ($2.5 million vs. $2.4 million). The OMB submission showed a decrease of $1.5 million from the President's 1982 budget in this area, and therefore addressed this in the explanation of change. However, this 1982 level was decreased by Congress to a level that is near our 1983 request. Therefore, the Congressional submission simply stated that there was a "slight overall decrease" in this program. The portion of the control technology effort devoted to VOC's remained nearly level ($1.4 million vs. $1.2 million) from the 1982 Current Estimate to the 1983 Congressional Submission.

4) Finally, we do not deny there are reductions. The important question to ask is whether there are sound reasons for these changes. We feel, as we have stated in our Congressional justification, that these are justified because of management efficiencies, completion of efforts, better linkage to the regulatory programs, and delegation to the States.

Senator Leahy states that over half of the reductions in various projects are in health-related areas. The Agency has requested $51 million for health effects research, including $6.6 million for risk assessments, in fiscal 1983. While this budget represents a fourteen percent decrease from fiscal 1982, we point out that this budget is adequate to provide the health effects data base necessary to support our regulatory programs. One justification for a reduction is that most of the health effects research work for the water quality criteria documents, mandated by court order for sixty-five priority pollutants, has been completed. An example of increased management efficiencies is found in the drinking water area, where a more cost-effective sampling technique to detect pollutants in drinking water will be utilized. Additionally, resources for health risk assessment work, including those for drinking water, will increase from the 1982 current estimate to the 1983 request level.

Senator Leahy also says that research on Oxidants decreased 39%. (This figure is overstated because the Senator uses President Carter's January 1982 budget which was never considered. Our OMB submission uses President Reagan's March 1982 budget. The Congressional submission uses a still more current budget, the December Congressional Appropriation Act. In the Congressional submission, Oxidants were reduced 25% from the current estimate.) Regardless of the numbers, the reduction in Oxidants is justified because it will not affect our environmental goals. It is the result of efficient scheduling of ozone research to support the 1984 revision of the ozone standard. The scientific research needed for this revision had to be funded before 1983 in order to be completed in time to be useful to the program office in promulgating its standard on schedule.

GREAT LAKES RESEARCH

Senator GARN. Senator Proxmire.

Senator PROXMIRE. Administrator Gorsuch, it is a pleasure to see you here, and I mean that sincerely. I have been on this subcommittee for 11 years. I was subcommittee chairman for 8 years. Over that period we have had a whole series of Administrators, but none have adorned the job the way you do.

Mrs. GORSUCH. Thank you.

Senator PROXMIRE. I must say I was a fan of the Bob Newhart Show, and his TV wife was Suzanne Pleshette. You have an uncanny resemblance—you are kind of a young Suzanne Pleshette.

Mrs. GORSUCH. I love it. Thank you.

Senator PROXMIRE. This is a great day for me. This is the first time I have been at a hearing where you have been present, although I have seen your picture, and I have been smitten.

Mrs. GORSUCH. I think I should leave right now.

Senator PROXMIRE. Last year Congress appropriated $1.5 million for the Great Lakes research program. The President is proposing to eliminate the program in the coming fiscal year, as you know. How is the funding appropriated for fiscal year 1982—this year—being spent at the present time?

Mrs. GORSUCH. Senator, I would ask Dr. John Hernandez to reply to that for me.

Dr. HERNANDEZ. The total spending on the Great Lakes program, Senator?

Senator PROXMIRE. That is right, the Great Lakes research program.

Dr. HERNANDEZ. It is about $2.5 million overall. Of that something like a million dollars is being spent on personnel, with the bulk of funds being various types of small equipment items; and about a quarter of a million dollars on personnel compensation and benefits. The next largest piece of that $2.5 million, about a quarter of a million dollars, is being spent on services for computer data processing, that sort of thing. The rest of the bulk of that is tied up in some contractual services, rents, communication, and utilities.

The other $1.5 million is divided into five major areas, most of it through contracts with individuals and universities. A good part of that is being given to the development and validation of second generation mathematical models that we are using in the prediction of pollutant transport and effects in the Great Lakes.

Senator PROXMIRE. What projects would be terminated as a result of the elimination of research funding in fiscal year 1983 that would otherwise continue to receive support?

Dr. HERNANDEZ. We would probably carry on some of this same work at other places or by other mechanisms. For example, the one I gave you, the second generation mathematical modeling, while we would not do something that was necessarily specifically applicable to Great Lakes data, we have that same sort of work ongoing at a number of other laboratories where we do similar kind of work.

Senator PROXMIRE. Will you supply a comprehensive response to that question for the record so we know what part of the research will be carried on elsewhere?

Dr. HERNANDEZ. Yes. I think it is important because we do have a lot of nongeneric work; that is, it doesn't have the words "Great Lakes" associated with it, that is exactly comparable activity throughout the rest of our water programs.

[The information follows:]

WATER QUALITY RESEARCH RELEVANT TO GREAT LAKES POLLUTION PROBLEMS

The following research particularly relevant to pollution problems in the Great Lakes is planned in fiscal year 1983. This research is directed primarily at generic national toxicant problems, but results will be equally applicable to the Great Lakes area. Estimates of the fiscal year 1983 funds allocated to those portions of the research considered directly relevant also are provided:

One. Development of techniques for assessing pathways, fate, and exposure levels of toxicants. Exposure analysis model for toxic organics in fresh water ($800,000). Exposure analysis model for toxic metals in fresh water ($200,000). Wasteload allocation model for toxic pollutants ($250,000). Predictive methods for screening fate and toxicity of new chemicals ($300,000). Predictive method for estimating a chemical's fate and effects based on its chemical structure ($1.9 million). Standard reference measurement methods for toxic pollutants in fresh water ($500,000). Quality assurance procedure for water quality monitoring ($350,000).

Two. Development and application of techniques for characterizing the significance of health and ecological effects of toxic substances. Characterization of the health and ecological risks associated with selected toxic pollutants in water ($600,000). Development of more cost-effective and accurate standard tests for characterizing health and ecological effects of toxicants ($4.5 million).

Three. Development of guides for estimating resultant health and ecological effects of toxic pollutant combinations ($200,000).

In addition, approximately 3 work-years in technical assistance is planned to be provided to the Great Lakes Water Quality Board and Science Advisory Board.

GREAT LAKES RESEARCH

Senator PROXMIRE. Your fiscal year 1983 justification indicates the research is being discontinued but associated salaries and expenses are not. The reason being given for killing the program is that the primary program mission is completed.

Dr. HERNANDEZ. Well, I think those things directly applicable to the Great Lakes, by and large, we have accomplished. We have gone through a number of series of generations of information on phosphorus loadings. I think we understand it now. We plan to continue refining our information in that area. But putting specific dollars to that is probably not a good expenditure.

GREAT LAKES RESEARCH—CANADIAN SUPPORT

Senator PROXMIRE. Do any of the projects to be terminated involve cooperative research which is also supported by the Canadian Government?

Dr. HERNANDEZ. I don't know, sir. I could ask Courtney Riordan, but I think we have to supply that answer for the record. I guess the implication is that the Canadian Government is joining us on a specific research project.

Senator PROXMIRE. Yes; that is my understanding,. I believe we are working closely with them. They apparently have been funding a substantial part of the research.

Dr. HERNANDEZ. I am not sure we have specific research projects where they are doing a part of it under the same general guidelines and objectives, and we are doing another part. I am sure that that communication does go on all the time between our Office and the Canadians.

Senator PROXMIRE. Well, provide a response for the record on that issue.

[The information follows:]

JOINT UNITED STATES-CANADIAN GREAT LAKES RESEARCH PROJECTS

With one exception, EPA's research activities are being conducted separately from those of the Canadian Government. That exception is the joint effort to refine the earlier phosphorus loading limits derived for discharges to the Great Lakes. This effort is directed primarily at applying the existing state of the art, as opposed to advancing the state of the art, and thus, is really of a technical assistance nature rather than of a research nature. Technical assistance by the research program on this problem is still planned to be provided, although at a somewhat lower level than has been provided in the past.

CANADIAN REACTION TO GREAT LAKES WATER QUALITY AGREEMENT

Senator PROXMIRE. Has the decision to eliminate the Great Lakes research program been discussed with the Canadians in the context of the Great Lakes water quality agreement, and if so, what has been their reaction?

Dr. HERNANDEZ. We are involved in rewriting a supplement to appendix 3 that deals with phosphates where this research issue is a part of that. And so, in the context of that, we have had communications with them. Our Great Lakes office in Chicago does communicate with them. We have had meetings on these issues.

Senator PROXMIRE. What was their reaction to your decision to terminate the research program?

Dr. HERNANDEZ. I think they would hope we would go on doing site-specific research on the Great Lakes. We believe that we are doing a great deal of research with not a lot of money.

Senator PROXMIRE. Will this decision to kill the research program violate any commitments we have made?

Dr. HERNANDEZ. I think we can still meet those commitments to do research on toxics and on phosphor throughout our laboratory system that will have application to the Great Lakes.

Senator PROXMIRE. Will you indicate for the record how we will meet our commitments to the Canadians, as well as any communication from them that protests the termination of the Great Lakes research program.

Dr. HERNANDEZ. I think we have had communications from them that indicate concern.

[The information follows:]

COMMUNICATION FROM THE CANADIAN GOVERNMENT

The Canadian Embassy presented this Government with a diplomatic note on the Administration's 1983 budget request concerning the Great Lakes. The Agency is working to respond. The U.S. State Department will not release the diplomatic note to the public; we also understand that the Canadian Embassy has not made the note public. Therefore, we cannot include that communication for the record.

U.S. MEETING ITS RESEARCH COMMITMENTS UNDER THE GREAT LAKES AGREEMENT

Answer: We believe our research commitments under the 1978 Great Lakes Water Quality Agreement will be met under the planned fiscal year 1983 research program. The original mandate for the Great Lakes research program, initiated in fiscal year 1971, was to provide the scientific base for identifying solutions to the eutrophication problems in the Great Lakes. This research was essentially completed in fiscal year 1981 at a total cost of $11.0 million. As early as fiscal year 1973, attention in the Great Lakes Research Program began shifting to the toxic pollution problem. By fiscal year 1982, basically all of this Program's resources were being directed to this problem. By the end of fiscal year 1982, approximately $20.5 million will have been spent on the toxicant problems of the Great Lakes.

Analysis of our research efforts indicated that research activities on general national toxic pollution problems under other budget areas were applicable to problems within the Great Lakes. For example, our planned research efforts in the toxic pollutant area in fiscal year 1983 that are particularly relevant to the problems in the Great Lakes will total $9.6 million. Some of the planned major research projects include: (1) the investigation of the movement, fate, and exposure levels of toxic pollutants ($4.3 million); (2) the development and application of methods for assessing health and ecological affects of toxicants ($5.1 million), and (3) the development of guides for estimating resultant health and ecological effects of toxic pollutant combinations ($.2 million).

We have collected and will continue to collect much research data that are relevant to the Great Lakes pollution problems. We are requesting $3.8 million for fiscal year 1983 under the Abatement, Control and Compliance appropriation to apply research results for abatement purposes. Abatement efforts planned for the coming year include the sampling and analysis of toxic substances in Great Lakes fish and sediments. The scope of this activity will span 20 tributaries and 10 harbors. Results of this investigation will be analyzed and reported to the proper authorities for regulatory follow up. Additionally, we will continue to maintain the atmospheric deposition sampling network,

the purpose of which is to determine the loadings to the Great Lakes of organic chemicals, nutrients, and heavy metals from the atmosphere. We also plan to design in 1983 a strategy and sampling networks to monitor the water quality of Lake Superior.

Alongside the research and abatement programs are the Agency's traditional awards and grants programs to protect and enhance the water quality of the Great Lakes. For example, our program to construct municipal waste treatment facilities will direct $892.0 million in fiscal year 1983 to the States that border on the Great Lakes. These States will receive additional grants of $14.3 million and $28.2 million during the year to implement their water and air programs, respectively.

These investments underscore our commitment to the 1978 Great Lakes Water Quality Agreement.

OCEAN DISPOSAL CRITERIA DEVELOPMENT

Senator PROXMIRE. You are requesting $325,000 in fiscal 1983 to continue the development of criteria for ocean disposal of low-level radioactive waste. How can you effectively deal with DOD and DOE disposal permit requests if your criteria have not been fully developed?

Dr. HERNANDEZ. Let me ask Kathleen Bennett to respond.

Ms. BENNETT. Senator Proxmire, for some years the Agency has been engaged in developing the criteria and general guidelines. Some of these guidelines are in effect already. For part of the conventions which we have signed, it is a matter of updating our guidelines to incorporate what has been in force under the convention. In fiscal 1983 we anticipate receiving at least two applications. To date, having had these guidelines, we have never had an application. In fiscal 1983 we anticipate at least two. We hope to have our guidelines in place in time to evaluate the applications against those guidelines. We are confident under this budget that we will be prepared when that time arrives.

Senator PROXMIRE. When do you expect the guidelines to be in place?

Ms. BENNETT. Sometime between the end of this fiscal year and about the first quarter through the next one.

Senator PROXMIRE. Will you keep us posted on your progress?

Ms. BENNETT. Yes.

DOE/DOD OCEAN DISPOSAL PERMIT REQUESTS

Senator PROXMIRE. You are requesting an increase of $1.2 million for radiation criteria, standards, and guidelines in fiscal year 1983. Your justification notes that a portion of these funds will be spent to deal with anticipated Department of Energy and Department of Defense ocean disposal permit requests. How much will be devoted to this activity in fiscal 1982 and 1983?

Ms. BENNETT. May I supply that number for the record? You asked how much of our present budget?

Senator PROXMIRE. How much of your budget will be devoted to ocean disposal permits in fiscal years 1982 and 1983?.

Ms. BENNETT. If I could supply the specific number for the record.
[The information follows:]

OCEAN DUMPING RESOURCES

In fiscal year 1982, we have allocated a total of 10.5 work-years and no extramural dollars to our activity related to ocean dumping of radioactive wastes. In fiscal year 1983, the budget estimate is 9.9 work-years and $400,000 in contract funds.

TYPES OF OCEAN DISPOSAL REQUESTS

Senator PROXMIRE. All right. What kind of radioactive dumping do you believe you will be asked to approve?

Ms. BENNETT. The decommissioning of nuclear submarines from which the reactor core has been removed, and FUSAP waste which the Department of Energy——

Senator PROXMIRE. What?

Ms. BENNETT. FUSAP. It is the waste from the Manhattan project, formerly utilized—I am sorry, I can't remember what the initials stand for.

Senator PROXMIRE. Is most of the waste from submarines?

Ms. BENNETT. Well, it is the two kinds. The application that we expect from the Defense Department is from decommission of submarines from which the reactor core has been removed. The other application will come from the Department of Energy, and that is principally the Manhattan project wastes.

REVIEW OF OCEAN DISPOSAL CRITERIA DEVELOPMENT

Senator PROXMIRE. Will a third party, such as the National Academy of Sciences, be asked to review your findings?

Ms. BENNETT. The process by which we will be developing the standards and guidelines against which we will be weighing the permits will be done fully on the public record with notice and comment, and so on and so forth. It is an internal review system. We don't anticipate, specifically, the National Academy of Sciences will be involved but, of course, the scientific comment will be involved.

Senator PROXMIRE. How will the National Academy of Sciences be involved if you don't specifically ask for their assistance?

Ms. BENNETT. The National Academy of Sciences per se would not of the normal course be involved in the process. What I am saying is that the criteria and guidelines will be developed as a normal rulemaking which involves notice and public comment in the Federal Register. The individual permit activities that would be judged against the criteria developed in a generic sense, again would be done through normal rulemaking procedures and would not in the normal course of events involve the National Academy of Sciences as an entity.

Dr. HERNANDEZ. Senator Proxmire, if I could add one point on how we are going to have an independent review on this. The Environmental Protection Agency has a Science Advisory Board that is made up of outstanding scientists in their field. For example, we have now a process for considering the scientific basis of all important EPA regulations to be taken to the Science Advisory Board for their review of the

technical and scientific issues; for example, the question of our proposed standards on disposal of high-level radioactive waste. We have already nominated a panel of experts that could consider that question. And then, as part of their work, public hearings.

OCEAN DISPOSAL LEVEL OF ACTIVITY

Senator PROXMIRE. My time is up. The chairman has generously allowed me one more question.

Can you give us some idea of the extent of this activity in the coming 2 or 3 years as compared with current levels of ocean dumping of radioactive material? Is this activity going to be increasing and, if so, by how much?

Ms. BENNETT. Senator, as we have not received an application at all, the anticipation of two represents an increase.

Mrs. GORSUCH. There is a misconception out there, Senator, that all of a sudden there is going to be a lot of wholesale dumping. That is not accurate. In our budget we are anticipating a request from two different agencies, and that request is for us to consider an application from them to dispose of certain materials in the ocean.

Senator PROXMIRE. Is this a one-time operation or are you expecting continuing requests in 1984, 1985, and so forth?

Mrs. GORSUCH. I only bet on things like, for instance, horse races. I think we do have enough knowledge now to anticipate that these two have been talked about and we need to budget for them. We have had a continuing obligation at the Environmental Protection Agency to develop the radiation standards, and that is one area that, frankly, had not been done when we took office. So our obligation to set those standards is there, and we intend to proceed with it as part of our statutory mandates. Once those are established, then the query becomes this individual applicant versus that individual applicant to have a permit to dispose of *x* material at *x* point in the oceans. That is the way we intend to proceed. We are anticipating two. Whether that comes into reality or not, I couldn't say.

Senator PROXMIRE. Thank you very much.

REDUCTIONS VERSUS EFFICIENCY IN RESEARCH PROGRAMS

Senator GARN. Before I ask another question, I would like to get back, Dr. Riordan, to what you and Senator Leahy were discussing in his last round of questions. I certainly profess absolutely no technical knowledge concerning EPA's research programs. Certainly it requires people of your background and experience to administer these programs. So I am not able to judge whether, qualitatively, the reductions should or should not be made.

However, what I heard you and Mrs. Gorsuch say was that, in order to be more efficient in some of these areas, there is a need to reduce the work effort. I would hope that there would be. When I first became mayor of Salt Lake City, I looked at the management systems in that city. I found that many things had been going on, some of them for as

long as a hundred years, for no other reason except they had always been done that way and, therefore, people contended they should continue. However, I discontinued a large number of those programs and received a lot of criticism because of my actions.

So I am talking from a management standpoint and not from a technical standpoint of judging whether you are correct in the areas that you are reducing.

Did I understand you correctly to say that there are some programs which have received funding but they have not been very productive? A few years ago, I had some involvement with medical research, totally outside of government, particularly in cancer prevention. There were programs that had been funded in the name of cutting the incidence of cancer that were eventually found not to be effective and they were dropped. Certainly the private agency I was working with had not lost their interest in cancer, but it was found that the funds could be spent in a better direction.

Again, without being able to judge, either Senator Leahy or I, about individual projects, you are saying that you are trying to direct the funds at the most effective area of research and prevention?

Dr. RIORDAN. Yes, Senator. I would like to explain a little further because of the connotation of cuts. I would like to say these reductions we are talking about are not arbitrary or frivolous. In fact, they are a result of looking at the research program, not only what was proposed but what might be done and what might be needed on the part of the regulatory program to, in fact, do a better job setting the standards. In fact, we found areas, one of which was the crop loss damage program. We examined the marginal work being proposed in the effect of oxidants on crops, and what it amounted to was a greater refinement and sophistication in terms of our ability to estimate what might be national crop loss associated with ozone damage. Looking at that program, it was clear that the marginal information you would gain from the expenditure of an additional $1.5 million wasn't very much. And we felt, in terms of the role that information played in making a decision on the health aspects of the ozone standards, that the additional sophistication didn't merit the expenditure. I could go through a series of items relative to the oxidant research program that entailed a similar kind of reasoning and similar kind of result.

Senator GARN. So you have been making these decisions purely from a technical and scientific standpoint?

Dr. RIORDAN. As best we can, Senator.

Senator GARN. Recently I asked EPA to review all of its program elements to determine how many had been increased and how many had been decreased. The answer is 142, or 44 percent, have been increased, for a total of $137.7 million. So I would suggest that this is not indicative of thoughtless, across-the-board cuts. In other words, in your analysis, 44 percent have been increased, and as you have looked at individual ones you have decided that some were more effective than others and have recommended increases in those areas.

14-067 O - 83 - 43

Dr. RIORDAN. Yes, sir.

ZERO BASE BUDGETING

Senator GARN. Again, I am not able to judge the individual programs. However, as I indicated earlier, my experience with government at all levels is, we often continue to do things totally on the basis that they have been done before and do not really look at individual program elements to increase or decrease. Budgeting has often been done on that basis. That is why I am one who agreed with President Carter's proposal to have zero-based budgeting. I would hope some day we could put government on a zero-based budget so that every program would have to be rejustified every year and funding would not be given just because it was in effect in a previous year.

PERMIT TRACKING SYSTEM

In my June 4, 1981, letter to EPA, I requested that you develop a permit tracking system. On December 8, 1981, you forwarded a draft report on the development of such a system. The report concludes that the implementation of such a system would provide a valuable management tool for resource allocation and would serve to highlight poor performance. This is the kind of management improvement I believe can really increase the productivity of an agency. The report also concluded that some permits kick around EPA a long time before they are issued.

Could you give me the current status of your backlog in comparison to a year ago?

Mrs. GORSUCH. No. 1, Mr. Chairman, I appreciate the inquiry. I concur with you that this is the type of thing we should be looking at.

I would like to introduce Lew Crampton to the committee and ask him to respond as fully as he can.

Mr. CRAMPTON. Senator, the matter of backlog, the first report of that system will be coming out at the end of May. So we don't have a baseline established for backlog. However, I have been in conversation with a member of your staff on this matter and plan to send him every quarter a copy of that system as it is done. So once we get the baseline established you will see what happens after that.

Senator GARN. Do you believe that the system that you have designed will expedite processing?

Mr. CRAMPTON. There is no question. The major reason we tried to develop this was to expedite the permit processing. Now we track each regional administrator to know how quickly they can respond.

Senator GARN. Your draft report indicates that you were going to test the system in February. Has that been done?

Mr. CRAMPTON. That has been done, and we had a successful test of the permit system, and as far as we are concerned, all systems are "go."

Senator GARN. You also discussed the establishment of a priority interest projects tracking system. What types of items would be included in that system?

Mr. CRAMPTON. Basically, we will look at, in the opinion of the regional administrator, any permit that appears to be controversial or dif-

ficult. In addition to that, we will also be looking at permits that, because of an action required at headquarters, some decisionmaker has to make a decision quickly. Those we will also track for a special look.

Senator GARN. Could you provide the subcommittee with a quarterly written report on the status of the system and average permitting times?

Mr. CRAMPTON. I certainly will.

INFORMATION BUDGET REQUEST

Senator GARN. At last year's hearings, I noted that EPA's information budget request for fiscal year 1981 was 13 million hours. The OMB allowance for that year was for 9.6 million hours. The fiscal year 1982 information budget shows an adjusted fiscal year 1981 level of 19.2 million hours, or an increase of almost 7 million hours over your request and 10 million hours over the allowance. Could you explain the adjustment to me?

Mr. CRAMPTON. Yes. It is due to the effect of the new law. The OMB allowance for 1981, which was 9.6 million hours, was based on the Federal Report Act definition of information collection requirements. The Paperwork Reduction Act, which went into effect in April 1981, greatly expanded the definition of information collection requests and associated public burden. So the 10 million hours over allowance reflects the broader coverage and definition of the Paperwork Reduction Act and not a real increase of burden on the public.

Senator GARN. Your request for fiscal year 1982 was for 19 million hours and your OMB allowance was for 15.4 million hours. Can you meet the fiscal year 1982 level or can we expect another significant adjustment?

Mr. CRAMPTON. Unless we are plagued by objections, we not only will meet our target, but we shall surpass it. For this year our target was a 15-percent reduction in our total information collection; we achieved 19.6 percent. We expect to exceed that. Basically, OMB has declared our program to be a model for other agencies, and we have been working with some other agencies to help them develop their triennial plans and computer programs.

Senator GARN. Thank you.

Senator Leahy?

Senator LEAHY. Thank you.

CONSTRUCTION GRANT REGULATIONS

Like the chairman, I also feel if we can spend less money because of increased efficiency, I am all for it. But also, though, we accept that at face value.

In looking at the budget, I see things are being reduced related to health risk, related to high-priority drinking water contaminants. It seems to be an absolute cut, nothing about efficiency. We will go back to that perhaps a little later.

But I also have been looking through the regulations which will be involved a great deal during the coming year. Are the grants for construction of treatment works completed yet? We seem to be overdue.

Mr. EIDSNESS. Senator Leahy, the Agency currently has completed the development of regulations to implement the new title II construction grant bill passed in 1981, and it has gone through OMB to be reviewed; the final changes requested by OMB have been made. It has been presented for signature by the Administrator. It will be published in the Federal Register as an interim final regulation.

Senator LEAHY. So the draft form it is in now is pretty much the way you expect it to come out?

Mr. EIDSNESS. There are some changes. One of the things which we are going to do in the promulgation of the construction grants regulation is to include an appendix, a proposed regulation which basically is the cost curves which would be used for purposes of the EPA or the States, whichever is the construction grant awarding agency, to give an allowance for what has heretofore been the step I, II planning and design cost of construction. So that part of the package, if signed off by the Administrator, would be in the proposed form, whereas the rest would be in final form.

COSTRUCTION GRANT ALLOWANCE AUDITING

Senator LEAHY. Let me go into that a bit because that regulation will give more flexibility to the State in implementing their programs. I know in Vermont the taxpayers would be happy to have their State pollution agency operate more efficiently. I mention this because of my great concern. I think we have about the toughest pollution laws and toughest environmental law in the country, certainly among two or three if not the strongest ones. This is in a State which has to be one of the two or three most conservative and most Republican States in the Union. And it stresses our own basic bipartisan—10 percent of the Vermonters who are Democrats and 90 percent who are Republicans—a bipartisan concern for the environment. But we also want to make sure that our tax dollars are being used the way the Congress intended.

In the preamble of the draft of the wastewater construction regulation, it says the allowances are not auditable and the activities covered are not subject to Federal requirements for procurement. Then in the appendix it explains the allowances will be calculated on project building cost and simply added to the costs of construction. It varies from a low of 6 to 7 percent up to 10 percent of the building costs. Now that could mean anywhere from $840 million to $1.2 billion over the next few years would be unauditable. How does that insure that we have the necessary kind of protection of Federal funds? Before I vote for this budget, I don't want somebody coming back from home and saying, "You are voting to let out over a billion dollars in unauditable funds."

Dr. HERNANDEZ. I think that when we worked with the Congress in developing the amendments to the Construction Grants Act this past year, that we found great concern because of overinvolvement of EPA in that planning and design review process that we went through, that this had the tendency to greatly slow down the rate at which these projects moved and the end result of an increase in cost overall that far exceeded the kind of costs in the engineering design of these things, and

a great opposition on the part of the States and the community in terms of our overinvolvement in these things. When we took a look at how much money was here, it was on the order of this 6 to 10 percent you were talking about of the overall budget for the construction grants program. Today, what people have to deliver when they get an award is a set of approved plans for the construction of a facility. Those things run on this same order of 6 to 8 or 9 percent. The probability you are going to find any kinds of costs there that are not allowable is quite marginal. What you pick up amongst things we would otherwise not approve versus what the cost of doing that kind of audit is quite marginal. Ninety percent of the dollars we will audit is expended on contracts that go out.

Senator LEAHY. Let me make sure you understand my question. None of us are arguing that you shouldn't be cutting down on regulations and redtape. Again, coming from a very small State, the burden of any type of regulation and redtape is probably disproportionately heavier the smaller the State. It is distinctly less heavy for the larger State just from the base you can use to work with. But again my question comes back, are we allowing over a billion dollars of Federal tax dollars to go out where they cannot be audited? That is my concern. And it is certainly the concern of the taxpayers in my home State.

Mrs. GORSUCH. Senator, let me say this is a legitimate concern, but it emanates not from the budget but rather from the changes that were made in the Clean Water Act last year, signed into law December 31, 1981.

If I can elaborate. The prior iteration of the law said there should be a reimbursement—these aren't the magic words I would find if we had the law in front of us—but a reimbursement of 75 percent of the cost by the Federal Government to State and local communities for three things: For planning, for design, and for construction, vis-a-vis the new law which says there will be an allowance for the first two types of work, planning and design, and an adjusted percentage which changes over the next several years for final construction. The deliberation is in changing from a reimbursement concept to an allowance concept for those first two steps, which, as John has indicated, represent 4 to 6 percent of the expenditure.

Second, in making a reimbursement concept, the allegations remain, I think rightfully so, that EPA's having to go in and say what to reimburse was, in effect, making the same decision right behind State and local government at every step of planning and design, because EPA was ultimately responsible for the expenditures of those funds. That is contrasted with the new system; we are not directly responsible for the decisions, the planning and design that result in these expenditures. Those are State and local community decisions. We are charged with the responsibility to make some allowance for the expenditures of money by State and local communities in making those decisions.

I guess the real words of art are reimbursement, which would be subject to an audit, vis-a-vis allowance, which is subject to more of a formula.

Senator LEAHY. Is it your position that—and I would have to go back and read the Clean Water Act because I don't recall—but is it your position that the Clean Water Act says this billion dollars can go with no audit or reviews to go with no audit?

Mrs. GORSUCH. That is my understanding of the current Clean Water Act, as amended last year.

[AGENCY NOTE: A detailed Agency response is included under the heading, "Clarification of Construction Grant Auditing."]

Senator LEAHY. It says no audit?

Mrs. GORSUCH. However, I would like to make a caveat with respect to the figure of $1 billion.

Senator LEAHY. 800 to 1.2.

Mrs. GORSUCH. It would be 6 to 8 percent of approximately $2.4 billion.

Senator LEAHY. Well, I am talking about over 5 years.

Mrs. GORSUCH. Then it would be 6 to 8 percent of the annual appropriation, whatever that is each and every year.

Senator LEAHY. Which comes up to a billion dollars.

Mr. EIDSNESS. $700 million is what I figured. But it is a large sum.

Senator LEAHY. $700 million here, $700 million there, after a while taxpayers begin to wonder what we are doing, especially if there is no audit.

Mr. EIDSNESS. One of the inherent advantages of the reimbursement system is the local community is going to get a fixed amount of money, so there will be a further incentive for them to further manage the costs that they are going to have to expend to do planning and design. So I think that is an incentive to reduce the wastage of funds that might otherwise occur.

Senator LEAHY. You mean not having an audit?

Mr. EIDSNESS. In the sense in the past——

Senator LEAHY. My incentive would be somewhat the other way. I don't want to seem cynical.

Mr. EIDSNESS. The amount of reimbursement is predicated upon the construction costs, and in the past—and I had a lot of experience at the local level in dealing with the construction grants when it began in 1972—in the past, if a community was awarded *x* amount of dollars for the planning and it spent *x* plus *x* because it didn't manage those funds very carefully, they could expect to get some additional increase in their grant funds to cover the cost. It is very difficult for EPA, whether a project officer or auditor, to determine whether they were simply not managing their funds wisely or needed more engineering work or it was another kind of situation. So I think we are talking about a fixed amount of money they are going to be allowed for planning and design. They are going to be bearing more of the costs locally than they have in the past, and I think that will be incentive to watch how they manage their resources more carefully.

In addition to this, Congress, as I understand, one of Congress' intentions in eliminating the Federal presence in step I and II, planning and design, was to help expedite the award of step III, construction of

needed facilities to protect water quality. If, in fact, this occurs, which we believe it will, the cost saving due to inflation alone should counterbalance any that might occur in step I and II, planning and design, that does not go under the scrutiny of an audit.

Dr. HERNANDEZ. Senator Leahy, I wouldn't want anyone to believe somehow they are not responsible for explaining which dollars we can say, "Yes; they delivered this for the money we gave them". Don't forget, we are going to require that they first produce a facility plan for our review. That is going to cost them 2 to 3 percent, and someone has to pay for that. The other one is a set of engineering plans signed by a resident professional engineer; that costs something in the order of 6 to 7 percent depending on the complexity of the set of plans they have to deliver.

Just to summarize, I think the kinds of questions the Senator raises were the kinds of things we had in our debate with people in the Congress when we were helping move that act through last summer and early fall. Many people believed that reimbursement was the route to go; notwithstanding the difficulties with reimbursement, including the recordkeeping and the never-ending battles over whether this is eligible or that is eligible after the fact. We felt the cleanest, most straightforward, low-cost control measure for us was to set some kind of allowable fund that would go to the community upon their producing a set of plans. I think it is a good way to do it.

Senator GARN. Thank you.

REGULATORY PROGRAMS

On February 4, the White House issued a press release concerning paperwork and regulatory relief for small business. That release contained the results of a survey of small- and medium-size businesses. The survey identified 10 regulatory programs that were cited as most burdensome. Of the 10, 2 were EPA regulations—Clean Water Act pretreatment regulations and environmental filing requirements. What efforts are you undertaking to review and revise, if necessary, these regulations?

Mr. CRAMPTON. Both of those programs are right now undergoing very intensive reviews and revision. The pretreatment programs, the regulation there is in the beginning stages of review. The NEPA filing requirements are being revised and several rules are in the proposed stage now.

Senator, these proposed rule changes, in our opinion, would speed up the grant application process, for example, by reducing the paperwork burden and also exempting certain categories of grant applicants from having to conduct detailed regulatory impact studies.

Senator GARN. I think this is incredibly important. Again referring back to when I was mayor and dealing with EPA on the other side of the funnel, the bottom side of it, in many cases a "No" answer right away would have been far preferable than having to wait for months because of the regulatory process. We could have gone about our business or tried to do a project some other way. I think it is very important that

we try to cut down the time. I think most people—whether small business, mayors, or anyone else—would rather be told "No" or "Yes," rather than "Maybe" or, "We are still working on it," and, therefore, have to refile over and over again.

An example of this very frustrating process concerns a simple reservoir cover. We got into the most ridiculous fiasco. We had to go through more than 2½ years of requesting funds so we could cover the last distribution reservoir in the Salt Lake City water system and be a fully accredited system. I kept getting requests from EPA on what the operating costs of the reservoir cover would be. I told them over and over again that I didn't know how a reservoir cover operated, but it did have maintenance costs.

However, for over a year we argued about operating costs for a reservoir cover and I couldn't convince anyone it didn't move, talk, had no working parts, but that it just sat there.

After we got through that, I went through a process of certifying that I would not discriminate in the distribution of the water system on the basis of race. I also could not figure out how to duplicate a water system to run several different pipes down the same street so I would get different qualities of water to different houses. That is only the beginning of the horror story.

Finally, I think it probably cost the city more in time and effort in filling out forms and legal fees than what the grant was actually worth when we finally received it from EPA.

Again, without getting into the environmental question at all, I would hope that you could simplify the regulatory process and give whoever the applicants are firm answers as quickly as possible, and cut down the horrendous process. I have been very restrained in citing only that one example, but the other horror stories are too long to go into.

STATE GRANT PROGRAM AWARD LEVELS

Page 74 of your budget summary contains a comparison of the fiscal year 1981, fiscal year 1982, and fiscal year 1983 State grant programs. These levels are about $269 million for 1981, $237 million for 1982, and $182 million for 1983. The 1981–82 decrease is essentially due to the termination of several programs, including the 208, solid waste management, and resource recovery grants. As you know, during floor consideration of the fiscal year 1982 bill, I made a promise to my colleagues that in other areas the State grant program would remain at the 1981 levels.

I am pleased to see that your budget reflects your intent to honor this commitment.

Recently, however, we received your latest grant summary publication and I would like to quote some figures from pages 9 and 11. These relate to fiscal year 1982 award levels versus the same period in fiscal year 1981. Research, $9,707,000 in 1982 versus $16,127,000 in 1981. Training, $914,000 in 1982 versus $5,622,000 in 1981. Air pollution, $31,506,000 in 1982 verus $63,189,000 in 1981. Drinking water, $16,875,000 in 1982 versus $28,278,000 in 1981.

Why are your awards so far below the fiscal year 1981 levels? The reason I ask this question is, if we want to put more back on the States, which I favor, then I don't know how you accomplish that transition by at the same time cutting the amount of funds going to the States.

Mr. KINGHORN. Mr. Chairman, the levels are low because we reflect obligations to date. We did not have the funds totally appropriated to us until December and could not award more than 21 percent of the State funds until January. All the State grants at the full 1982 levels are in the full allowance at the Agency, and it is our intent they will be spent as you requested.

STATE DELEGATION

Senator GARN. Nearly every major environmental act—including the Clean Air Act, Clean Water Act, the Resource Conservation and Recovery Act, and the Safe Drinking Water Act—contain provisions which require EPA to take back responsibility if a State rejects responsibility or primacy. Your fiscal year 1983 budget calls for a reduction in State grants of about 20 percent. What would be the effect if States determine they do not have adequate resources to implement the environmental programs and if they return them to EPA?

Mrs. GORSUCH. Mr. Chairman, consistent with the law, the Environmental Protection Agency at the Federal level would run the program in any State that does not choose to seek delegation or, once having had delegation, it seeks to return to the Federal Government.

Our most recent experience with that has been in the State of Idaho, where early last year they refused to fund their air program. And the message was, "We very much believe in Idaho and in no duplication. So while we have had an air program at the State level, we found the Federal folks were right behind us making every decision for us after we made them in the first place. We don't believe in that kind of duplication. If the Federal Government wants to run it, you all can take it over."

I am pleased to be able to tell you that the legislature has reconsidered that early action. They do have our commitment that, indeed, when we delegate, it will be a delegation. And they have this year, just within the last month, taken over the air program once again.

So that is our latest experience in that regard.

Senator GARN. You apparently believe most of the States will devote additional moneys, their own resources, to environmental programs to make up the difference?

Mrs. GORSUCH. I do, Mr. Chairman. I think there are really two thrusts. One, we have an obligation at the Federal level to reduce our requirements on them; and we have begun to meet that obligation, noticeably in the construction grant regulation, where there was a detailed accounting system that might have to be filed in addition to the State accounting system. We have turned those unnecessary rules into guidance where States can follow them if they wish, but they are no longer our requirements. That is one obligation we have to make.

A further one is in terms of our national commitment. I believe there is a strong national commitment to environmental goals. That same elec-

torate that elects you, that we try to serve, indeed elects State legislators as well. While there are competing demands on the budget, I think the commitment of the electorate to environmental goals will allow State legislators to make increasing commitments in the same regard.

STATE FUNDING VERSUS FEDERAL FUNDING

Senator GARN. Would you provide for the record a list of EPA negotiated agreements which define what resources will be provided by both parties?

Mrs. GORSUCH. I believe we can do that. Yes, Mr. Chairman, we will be happy to.

[The information follows:]

ENVIRONMENTAL PROTECTION AGENCY NEGOTIATED AGREEMENTS

In fiscal year 1982, all States and territories, except Texas and Wisconsin, negotiated State-EPA agreements with our regional offices. State-EPA agreements are voluntary agreements negotiated by the State environmental agencies and our regional offices to identify crucial environmental problems for top-level management attention and for priority consideration in grant negotiations.

Many of the SEA's include not only EPA grants to be applied to specific problems, but State and EPA work-years as well. Not all do, however, as they were developed in individual formats to meet the varying needs of different States and regional administrators. Of course, every State receiving an EPA grant presents a work program specifying the program elements and output commitments for the following year.

TRAINING AND TECHNICAL ASSISTANCE TO STATES

Senator GARN. Has a similar State-by-State assessment been made with regard to the needed training and technical assistance to the States?

Mrs. GORSUCH. I don't believe it has, Mr. Chairman. The initial decision on whether or not we delegate included that kind of an examination. Is the State, one, willing, and two, is it able both in terms of legal structure and budgetary and manpower commitment to an individual program before we delegate it. Those decisions and examinations are made at the time the delegation is made, and then there is an ongoing review through additional fundings each year. But I don't believe that training per se exists in terms of an inventory.

Senator GARN. Senator Leahy?

Senator LEAHY. Thank you, Mr. Chairman.

CONSTRUCTION GRANT ALLOWANCE AUDITING

Mr. Chairman, during my last turn, we spent a great deal of time going over the question of whether or not an audit is required, and most of the answers were based on the changes in the act, the Municipal Wastewater Treatment Act Amendments of 1981, and EPA stated that the act specifically said no audits are required. I hope the chairman won't be offended if I tell him that even though I was, of course, paying close attention to his questions, I was also reading through the act. There is no statement in there that says an audit is not required. And I would hope what we might do is go back through the transcript as the transcript is being made available and as EPA is review-

ing its questions—and I will have further questions for the record—but I want to review those that have been submitted for the record. You may want to look back over that and see if your answers would change, because I, at least, could find nothing in the act which would bring a conclusion that we could be sending out this billion dollars or $800 million or whatever the amount.

[AGENCY NOTE: A detailed response is included under the heading, "Clarification of Construction Grant Auditing."]

REDUCTIONS VERSUS EFFICIENCY IN EPA PROGRAMS

Senator LEAHY. I would also say again, as I stated at the beginning of this hearing, when I read the submission to the Congress and the submission to the OMB, I find some difficulties in bringing the two together. I feel almost like I am looking at two entirely different situations. And I find it difficult to feel that there are enough resources. Let me give you a few examples.

It will take you 30 years at the rate you are proceeding to review all the hazardous air pollutants you are required to review. It is hard to say there are enough resources when it will take a hundred years to issue pesticide registration standards. This is something that Congress mandated be done in 15 to 20 years. It is hard to say there are enough resources when it will take 10 years to write the permits needed to control the 10,000 hazardous waste sites, according to your own work plan. And I note this because GAO says hundreds of hazardous waste sites will be endangering the public, and your own staff has said that the lack of resources is the excuse for the situation. And GAO has found drinking water enforcements in the EPA regional offices in the States range from a low of none to a high of minimal.

And I mention these as concerns because there is a very real concern and I hear this when I go back to Vermont, which I do nearly weekly, I hear over and over that people feel that the administration would not attack our environmental laws in a straightforward way. But there is a very strong feeling that what is happening is that the administration is, in effect, in de facto fashion, repealing the environmental laws by making sure they cannot be enforced. In the same way we can have a law that says you can't rob banks but announce that we will also close down the local police station which is next door to the bank and announce that we won't try to catch anybody who does try to rob them. That may or may not be a fair analysis, but it certainly is a feeling that is strong and prevalent in my State. And I pick Vermont as not necessarily a microcosm of the country, but if any State in the Union would be willing to give the benefit of the doubt to the administration, it would certainly be the State of Vermont.

I have found nothing in the comparison of the submission to the Congress and the submission to OMB that really gives me a satisfactory answer to that question, and that is why I have given you the report. I look very much forward to the answers you have made after you have had a chance to review that. I would hope very much that you can come back and show me that these cuts are not a way to in effect nul-

lify certain of our very positive, very good environmental laws passed during the past 10 years.

Mrs. GORSUCH. Senator, attempting to respond to a very broad question, I don't know how to state it more clearly than I have repeatedly. This administration has a very strong commitment to our environmental goals. We will fulfill that commitment. And I stand before you with no doubt that at the end of 3 years our record will be, by way of comparison, one that we can all be proud of in terms of environmental protection. We intend to do that, as I have stated repeatedly, through fulfilling our statutory mandates, by clearing out the incredible backlog you cite in some of your examples—hazardous air pollutants regulations, pesticide regulations, the development of regulations that are long overdue, effluent guidelines among them, or SIP processes that I have pending that had been sitting there for 18 months or longer when we came into office. Our results, I feel confident, will more than indicate that what we have consistently said is our program is, indeed, our program. But it is also our program to do that within the President's initiatives, and that is to do it with fewer Federal resources. That is the premise under which we constructed our budget, which Senator Garn rightfully indicates about 44 percent of our program elements indicate increases; others indicate decreases. We believe that is the budgetary process, that we examine what Congress has given us to do, examine the backlogs we have inherited, and have a real commitment to results.

In terms of the paranoia that is somehow a hidden agenda, I guess I can't speak to others' paranoias. We know our agenda. It is as I have sworn in my statement and as we have consistently reiterated since taking office.

Senator LEAHY. If I could interrupt on one point you made. If you are referring to the paranoias of the people in Vermont, let me come to the defense of Vermont.

Mrs. GORSUCH. I certainly am not.

Senator LEAHY. Or of any of these who raise the questions. We still have the problem of a hundred years to issue pesticide registration standards and 10 years needed to write the permits needed to control the hazardous waste sites. The law requiring the permits passed in 1976. So that job won't be done until 14 years after that. Now if these are results for one to be proud of, I suggest the department may want to consider submitting a new budget, because there is no way in the world that this shows a strong commitment to the mandates passed by Congress.

Mrs. GORSUCH. Senator, if you would allow me to further elaborate on the question.

Senator LEAHY. Go ahead.

CONSTRUCTION GRANT ALLOWANCE AUDITING

Mrs. GORSUCH. From my part, I certainly did not mean to mislead you in terms of the contents of the clean water legislation passed by Congress. The law does not specifically require audits. The concept I was trying to leave is there is a difference between the old law that said reimbursement for actual expenses incurred to follow procurement sub-

ject to audit. The new law—again, I don't have it in front of me—does shift from a reimbursement for actual expenses incurred concept to an allowance concept based on historical experience with the construction grant program. And it is our understanding that formula would be developed to determine an allowance for these two steps of the construction grant process and the allowance would not be controlled by Federal procurement regulations or through an audit after the fact.

[The information follows:]

CLARIFICATION OF CONSTRUCTION GRANTS AUDITING

The 1981 Amendments provide that when a grant is made for actual construction of a project, EPA shall make an allowance in such grant for non-Federal funds expended during the facility planning and design phase at the prevailing Federal share "based on the percentage of total project costs which the Administrator determines is the general experience for such projects." (Section 3(a), Public Law 97-117.)

Senate Report 97-204 at page 5 states, "The Administrator of EPA is required to determine the average cost of such planning and design based on the total projects in the general program experience.... This eliminates the need for a determination of actual cost on a case-by-case basis."

Further, the Report states that the purpose of this procedure is to eliminate "the red tape and delays encountered in the then current progression from step to step in the construction grants program." Experience has shown that delays are mainly due to extensive Federal review of procurement actions of the grantee.

In accordance with the legislation, EPA has developed a table for determining allowances based on the percentage of building costs that have historically been attributable to facilities planning and design of projects. In other words the allowance for a project, by statute, is a single sum based on the total allowable physical construction costs. The allowance is not intended to reimburse for costs actually incurred for facilities planning and design by the grantee. The physical construction cost and final allowance are to be based, using the table, on the allowable cost of the contract award for building the project.

Because of the way Congress has provided how the allowance will be determined, there is no direct relationship between the amount of the allowance and the actual costs of facility planning and design. It would serve no useful purpose to audit the allowance that is paid to the grantee to verify facility planning and design costs. The sum to be paid has been determined by law. The best evidence of justification for paying the allowance is the completion by the grantee of a satisfactory facilities plan and the design and specifications for the project.

In addition, a formal audit of the project would not include facility planning and design costs. When a municipality conducts procurements for planning or design, it does so on its own. There is no legal relationship in the nature of assistance between EPA and the municipality at that time. The initial EPA obligation to provide the allowance does not arise until the construction grant is made. Further, there is no assurance that the municipality will apply for a construction grant so as to involve its entitlement to an allowance; nor is the municipality assured that EPA will approve the construction grant upon the municipality's application for one.

However, the United States nevertheless has remedies available under Federal criminal law to prosecute improper actions undertaken during award or performance under locally funded contracts for the facilities planning and design of the project. Even though

the allowance per se is not auditable, the Federal government still retains the right to investigate and prosecute for unlawful activities, such as fraud, bribery, and kickbacks. Upon allegations of such unlawful activities, an audit of the grantee could be conducted during the course of the investigation.

EPA has provided for such events by including in its interim regulations for the construction grants program the following:

> The applicant shall certify that it has not violated any Federal, State or local law pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice relating to or in connection with facilities planning or design work on a wastewater treatment works project.

Based on the certificate, the grantee and its contractors could be subject to debarment. Through our debarment regulations provisions, the integrity of the grantee's activities in planning and designing the project will be subject to investigation where necessary. In addition, the municipality and the State will be routinely conducting their own audits of the grantee's financial activities.

PESTICIDES REGULATIONS STANDARDS

Mrs. GORSUCH. As for the pesticides issues, Senator, I would like to ask John Todhunter to further answer your question.

Dr. TODHUNTER. The figure of 100 years to issue the pesticide registration standards is erroneous. It is predicated on a set of assumptions that were made back last year before the new management team came into the Office of Pesticide Programs.

Senator LEAHY. How many pesticides are awaiting registration?

Dr. TODHUNTER. That depends whether these are pesticides originally registered before 1972 or after. If you will bear with me I will elaborate.

Senator LEAHY. Can you give me the number under any circumstances?

Dr. TODHUNTER. All right. For pesticides originally registered before 1972, which are the bulk of the materials that must be received under re-registration activities, there are about 35,000 end-use products. That, however, represents in our current estimate about 300 active ingredients that will require full registration review.

Senator LEAHY. And how many subsequent to 1972?

Dr. TODHUNTER. Subsequent to 1972, there are, perhaps, an additional 10,000 products, but those do not require as extensive a re-registration review because the data supporting them is more complete than for older products.

Senator LEAHY. How many pesticides await registration today?

Dr. TODHUNTER. Right now we process about 29,000 actions per year. The bulk of these are label amendments. In terms of new activity, we process about 150 to 200 new pesticide reviews a year. These reviews cover 30 to 40 new products made up of 20 to 25 new active in-

gredients. Now as of last May, the Agency had 1,367 registration actions which were backlogged. A backlog is defined as either exceeding an administrative deadline or a statutory deadline. As of the beginning of fiscal year 1982, when we were still operating under a continuing resolution, we had reduced that backlog to 681 actions. Currently, as of March 31, 1982, that backlog is down to 266 actions backlogged.

Senator LEAHY. Let me interrupt. How many pesticides will be registered this year?

Dr. TODHUNTER. This year we will probably issue label amendments for about 20,000 materials. However, that does not mean 20,000 pesticides will be registered.

Senator LEAHY. How many will be registered?

Dr. TODHUNTER. In fact, we will probably only approve 20 to 25 new active ingredients. Most of the work in the pesticide program has to do with amendments to existing labels, expanding them for a different pest or different crop grouping.

The 100 years you refer to, however, refers only to actions under re-registration. The bulk of the effort being those pesticides originally registered prior to 1972. The reason estimates in the past were large was because, first of all, the amendment was passed in 1972 requiring us to go back and reexamine those pesticides that had been originally registered beween 1946 and 1972. From 1972 to 1981, in fact, none had been re-registered. The Agency has adopted an approach called a registration standard which is compiled from all of the data that we have for a given pesticide active ingredient. A registration standard serves as an administrative tool that allows any subsequent label amendments on that pesticide to be made simply by comparing the proposed use to the criteria in the registration standard. It was felt the process of the review——

Senator LEAHY. And the number of registration standards issued again this year, to make sure I understand?

Dr. TODHUNTER. So far this year we have issued eight registration standards.

Senator LEAHY. And you have how many registration standards pending to be issued, approximately?

Dr. TODHUNTER. This year we have committed for 15.

Senator LEAHY. No; I mean right now overall.

Dr. TODHUNTER. This is what I am trying to explain.

Senator LEAHY. That is what I am trying to get at. You have eight issued this year.

Dr. TODHUNTER. We would have to issue standards for about 300 active ingredients to cover the most significant pesticides. Now, however, we have abandoned using the registration standard in its original form as the re-registration tool. That is why I say that 100-year estimate is totally out the window. We are no longer taking on ourselves the burden that Congress rightfully placed on the regulated community. The law makes no distinction between registration and re-registration. The law only required back in 1972 that we be sure materials that had been registered prior to these amendments were checked for safety to human

health and the environment and brought up to reasonable present standdards of toxicological and environmental health evaluation. Now the Agency in the past had gotten in the habit when not finding appropriate information in our files of trying to search the world literature to construct that information for the regulated community. That was an inappropriate exercise, first of all, because very often we would have to piece together studies out of studies which by themselves were inadequate. Second, it was a waste of our resources. And third, it was something that rightfully, under the law, the regulated community should be doing. What we have gone to now is a process whereby we will examine our files. We will confer with the regulated community to be sure we have not missed anything in our file search, then we will issue a data call-in letter to the regulated community giving them a certain time within which they must provide the information we need to register their products. If the information is not forthcoming, the product will be dropped from registration. Now we estimate we can process about 40 or 50 re-registration reviews of the activities in this way every fiscal year. That will give us about 40 or 50 out of a total target of about 300.

Senator LEAHY. Mr. Chairman, I had the dubious pleasure to be one of the Members of the Senate who had the task 2 years ago to get the FIFRA legislation passed, and I could go on and debate this issue for the next 2 or 3 hours, but I don't think it will accomplish a lot. I will submit my further questions on it for the record. I think what would be required would be about a half an hour going down and comparing the same things which are both—not to fault the witness' answer in any way—we are still, to an extent, comparing two different things if we go on. So I will submit my further questions for the record.

Senator GARN. Thank you.

LOVE CANAL

As you are aware, New York State is ready to proceed with the long-awaited cleanup activities at the Love Canal, as authorized by the Superfund legislation. However, the State cannot proceed with this cleanup until a study of health effects at the Love Canal is completed by EPA. The report was originally due to be released in December 1980. Despite repeated promises that it would be forthcoming, the report has yet to be made public.

Can you fill me in on the status of the report and when it will be released?

Mrs. GORSUCH. Senator, if I might make one distinction before asking Dr. Riordan to reply.

This administration, I hope, has avoided the pitfalls of making promises that this administration knows aren't supported except in the most timely way. Indeed, it was promised previously almost on a monthly basis to issue that report.

Making that distinction, I would like Dr. Riordan to more fully respond.

Dr. RIORDAN. We have made the commitment that we will not release the report to the public until we are absolutely convinced of the quality of that report. We have gone in two ways to get objective, external reviews of the contents of the report. In one instance we went to the Department of Health and Human Services and asked them to review our findings in light of the potential health implications of the measurements we have done up there. In the other instance we went to the National Bureau of Standards to review the quality of the chemistry, the analytical measurements that were applied to the samples that were collected in the area. At this time, HHS has completed its review. However, the National Bureau of Standards is still in the process of reviewing the extensive data set that has been developed as a result of the sampling analysis at Love Canal. We took 6,000 samples and, depending on how you define the measurements, we have anywhere from 200,000 to 400,000 measurements. NBS, in their traditional way, has taken an extremely thorough look at the data and have been going through it with microscopic attention. At the moment, they are still working on it. We have not got a definite date for the release of their review. As soon as we get an estimate of when the reviews will be completed, we will then be prepared to address the issue of the release of the report.

Senator GARN. Well, obviously Senator D'Amato is very interested in this, and I would appreciate it if you could keep his staff and the committee staff advised of the progress in this area.

OFF-SITE MONITORING AT THE NEVADA TEST SITE

One of the missions conducted under your radiation monitoring system and quality assurance program is the off-site monitoring at the Nevada test site. Your budget justification states that the monitoring at this and other sites will, as in the past, be conducted at the request of DOE. Will DOE continue to reimburse EPA for all the costs involved in that test?

Dr. RIORDAN. Yes; they will.

Senator GARN. Your justification states that, "Testing is anticipated at the same or higher rates as 1982." What resources will be devoted to this program in 1982 and 1983?

Dr. RIORDAN. We have received those moneys for the DOE, but it is approximately $3.1 million I believe.

Mrs. GORSUCH. I am looking at $3.1 million, 61 full-time employees.

SUBMITTED QUESTIONS

Senator GARN. Thank you very much. I will submit the remainder of my questions, as well as questions from Senators Hatfield, Weicker, D'Amato, Huddleston, Proxmire, and Leahy to you for your response in the record.

Mrs. GORSUCH. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Garn

RESULTS VS. PROCESS APPROACH

Question: Page A-9 of the budget justification indicates that in addition to reducing state grant assistance, EPA plans to reduce detailed overview of state administered air programs. Similar statements are made elsewhere in the budget justification. In addition, the budget justification outlines EPA's desire to move to a results versus process-oriented approach to oversight.

If this is so, how does EPA explain reductions in results analysis activities such as those included under the Air Quality and Emissions Budget on page A-105?

Answer: The reduction implied in the statement on Page A-9 relates to financial assistance. Technical support and oversight will be refocused to eliminate concentration on the minutia of how states operate their programs. The reasons for increase and reduction indicated on page A-105 are in error. Implementation of new air data systems involves computer systems development. Computer systems development are funded from Salaries and Expenses appropriations. The increased extramural funds will be used for a new program to develop and implement criteria for the ambient monitoring of toxic pollutants by states. We are not reducing efforts relating to the type of analyses used to determine results.

Question: Given your results oriented approach, please outline EPA's strategy for measuring results and for assuring consistency and equity in environmental programs and requirements among the states.

When we speak of a results-oriented approach, we mean that we are interested in satisfactory progress towards attainment of pertinent standards rather than a concentration on the minutia of how the state intends to achieve that progress. Our approach is as follows:

- Increase the Regional resources for technical support and oversight of State programs. These resources have in fact been increased in our 1983 proposal from 95 workyears in 1981 to 117 workyears in 1983.
- Reorient the Regional support to provide appropriate assistance at the front end of SIP and other necessary State actions.
- Improve the quality of the air monitoring data on which attainment/nonattainment judgements are made. For example, all States now have quality assurance programs for data generated by NAMS stations.

- Assure Regional consistency in judging State actions. We now have a Regulation on Regional Consistency which sets forth what our approach will be. Among other things, it delineates the nature of audits of State programs. The regulation also establishes the principal that each new regulation stipulate how it will be implemented in a way assuring Regional consistency and uniformity.

EPA - RADIATION PROGRAM IMPLEMENTATION

Question: Your request for Radiation Program Implementation is $628,600. While this represents a slight dollar increase over the FY 82 level, there is a decrease of 3.9 permanent workyears. You state that this reduction in workyears is due to a reduced need to review and test radiation emergency response plans.

As you know FEMA is requesting a 90% increase in its Civil Defense Program.

Did you coordinate your request with FEMA?

Answer: The 90% increase in FEMA's request for civil defense does not apply to radiological emergencies associated with the operation of civilian nuclear facilities. Consequently, this portion of their request is unrelated to the interagency cooperative program for review and testing of radiological emergency response plans. Interagency coordination of our budget requests was managed through the Office of Management and Budget.

Question: In light of their increase, how do you justify your decreased emphasis on emergency plans?

Answer: Our decrease in this area is predicated on the assumption that by fiscal year 1983 most States will have in place completed and approved radiological emergency response plans. Once approved plans are in place, EPA's program emphasis can shift away from new plan reviews and concentrate on the regular testing of existing plans. Assuming the shift occurs, we believe a savings of 3.9 work years can be accrued.

Question: Did EPA have any involvement in the recent incident at the Genna Nuclear Plant near Rochester, New York?

Answer: Following notification that an incident was in progress, the EPA Emergency Response Plan was activated. EPA's radiological emergency response monitoring team at Montgomery, Alabama, was placed on alert status and was prepared to go to the site if needed. Fortunately, the incident was not serious enough to require the establishment of an offsite monitoring network; consequently EPA was not called to the reactor site.

ACID RAIN AND UTILITY PLANT SCHEDULING

Question: On November 15, 1981, CRS issued a report on Acid Rain. In that report they suggested that EPA should require "least emissions" plant scheduling by utilities in which cleanest plants are routinely started up first and used more often. Most utilities now schedule plant use on a cost basis, using the most economical plants most often, CRS concludes these cheaper-to-run plants are usually older and more polluting. Have you considered such a requirement? What is the potential reduction in acid rain if such a plant scheduling policy was put into effect?

Answer: The EPA has funded two studies which evaluated in general "least emissions dispatching" (LED) as an alternative for reducing SO_2 emissions. One study was the "Ohio River Basin Energy Study: Air Quality and Related Impacts" (September 1980), referred to subsequently as the ORBES study; and "Electric Utility Emissions: Control Strategies and Costs" (April 1981), referred to subsequently as an acid rain study. Teknekron Research Incorporated (TRI) prepared both studies for EPA. Based on current research, it is premature to draw conclusions concerning the relationship between SO_2 emission reduction and acid rain deposition.

In the ORBES study, TRI compared a high growth scenario for the Ohio River Basin based on least-cost dispatching, the usual industry procedure, with a high growth scenario based on LED. Least cost dispatching operates plants; whereas least emissions dispatching operates plants in order of least emissions per million BTU of fuel consumed, which results in operation of newer, higher cost but lower emitting plants. Sulfur dioxide emissions (SO_2) in the year 2000 under the LED strategy are 45 percent lower than the least-cost dispatching strategy. Nitrogen oxide emissions (NO_x) are only slightly different. The price of electricity in the year 2000 is 5.60 cents/kwh under LED versus 5.53 cents/kwh under least-cost dispatching, which is a 1.3 percent increase. This small increase in price reflects the fact that the simulated differences between these scenarios affect only the operating and maintenance costs and fuel costs of essentially the same generating system.

In summarizing its analysis of these two scenarios, TRI cautioned about drawing definitive conclusions on the basis of its analysis. TRI used is Utility Simulation Model (USM), which is a regional/statewide model, to conduct this analysis. TRI recommended that a system-specific simulation model, which uses probabilistic analysis for dispatching, and an examination of the system reliability, as necessary for an adequate evaluation. In addition, TRI cautioned that the particularly favorable results for the LED were enhanced by the assumed high growth in electricity demand. Under lower demand growth, fewer new plants would be available for mandatory baseloading, which would reduce the overall efficacy of LED, in fact, the lower growth rates are now considered to be more reasonable.

In the acid rain study, TRI compared a 30% and a 50% emission-reduction scenario based on LED and Flue Gas Desulfurization (FGD) retrofit with a 30% and a 50% emission reduction scenario

based on FGD retrofit only. The 30% LED/FGD scenario was found to be only 10% more effective, but 20% more costly than FGD alone; and the 50% LED/FGD was actually less effective and 10% more costly than FGD alone. However, the results must be viewed with caution because of the way the model was specified. To better identify the effects of LED, a LED scenario should be defined independently of other emission reduction scenarios, as it was done in the ORBES study, rather than as an incremental requirement to another emission-reduction scenario in order to give a realistic evaluation.

In general, neither of the studies was an adequate evaluation of LED. A system-specific model using probabilistic coal-unit availabilities and a system-specific reliability assessment are needed before concluding that LED is a cost-effective emission scenario. The results from the acid rain study as well the ORBES study are only suggestive of the potential of LED. Whether LED could actually be applied to a specific system for SO_2 emission reduction at a reasonable cost still awaits evaluation. (As a parenthetical note, Southern California Edison does use LED for NO_x control, which suggests that LED is a viable emission control strategy in at least one situation).

At this time, EPA has no plans to conduct a system-specific analysis, primarily because analysis of regulatory options for acid deposition control is premature given the state of our understanding of the issue. It should also be noted that although LED might be a viable alternative for controlling utility emissions, our analysis shows that under some conditions LED is not cost-effective, and therefore (as with any specific control approach) should not be mandated as an emissions control technique. Rather, if emissions reductions are deemed appropriate at some point, LED should be viewed as one alternative control technique among many available to the utility industry.

OCEAN DISPOSAL OF LOW-LEVEL RADIOACTIVE WASTE

Question: During fiscal year 1981, you budgeted $1,155,000 for developing the criteria for ocean disposal of low-level radioactive waste. In fiscal year 1982, you are budgeting $260,000 and $325,000 in fiscal year 1983.

What was your fiscal year 1983 request for this activity?

Answer: The fiscal year 1983 budget requests actually contains $400,000 and 9.9 workyears to develop criteria for evaluating permit requests anticipated for the ocean disposal of low-level radioactive wastes, and to complete survey work of previously used dumpsites.

Question: What will be the specific extramural and intramural activities undertaken in fiscal year 1983?

Answer: During fiscal year 1983, we will develop and document the technical criteria necessary to evaluate the ocean disposal of materials containing naturally-occurring radioactivity as a trace contaminant, in the DOE wastes for which we anticipate a permit application.

At the same time we will develop and document the technical criteria necessary for the Department of Defense. We will also complete some efforts initiated in previous years, including the survey of the Massachusetts Bay radioactive waste dumpsite and the publication of a report on the inventory of radioactive waste disposals in coastal waters of the United States. All of this work will be performed primarily by EPA staff, augmented by extramural support.

Question: What further R&D needs to be done in this area?

Answer: EPA's fiscal year 1983 budget is adequate to address research needs in this program. EPA's role will be principally that of evaluating the research findings incorporated in permit applications.

Question: Please describe the status and findings of the survey you have undertaken an old radioactive waste dumpsites.

Answer: Between 1946 and 1970, the U.S. Atomic Energy Commission allowed packaged low-level wastes to be disposed of in the ocean. About 112,000 containers, mostly concrete-weighted 55 gallon steel drums, with a total radioactivity of about 120,000 Curies were disposed of, at about 30 dumpsites. Three of these dumpsites received 95 percent of the material; one site near the Farallon Islands about 50 miles from San Francisco, and two at about 120 miles and 200 miles off the Maryland-Delaware coast, EPA conducted a series of oceanographic surveys at these three sites from 1974 to 1978, as well as some preliminary work studies analysis in 1981-82 in Massachusetts Bay, which received about two percent of the waste. From the results of these studies, we concluded that there was no evidence of harm to humans or the marine environment from past U.S. ocean dumping of radioactive wastes. The survey of Massachusetts Bay will be completed in 1982 and the analysis of the results will be available early in 1983.

INTERDISCIPLINARY PROGRAM

Question: The total 1983 request for the interdisciplinary activity is $20,738,100. This is an increase of $3,020,200 above 1982 current estimate. For the Enforcement Policy and Technical Support subprogram, you are requesting a $6,612,600 increase in S&E and a $190,000 increase in Abatement, Control and Compliance. This increase is due to the creation of a new program element -- Enforcement Policy and Operations.

Could you describe what will be accomplished under this new program and what resources will be devoted to the tracking of enforcement actions?

Answer: The Enforcement Policy and Operations Program consists of the legal aspects of the Agency's enforcement efforts and the activities in support of enforcement performed by the National Enforcement Investigations Center (NEIC). This subactivity is responsible for providing legal direction and support to the enforcement of the Clean Air Act; the Clean Water Act; the Toxic Substances Control Act; the Resource Conservation and

Recovery Act; the Safe Drinking Water Act; and the Federal Insecticide, Fungicide, and Rodenticide Act.

These resources provide for the development of legal enforcement policy and procedures to direct the legal enforcement activities of the Agency including the initiation and conduct of civil/criminal litigation as appropriate. Full legal enforcement support services are provided to media compliance programs in accordance with specific media priorities and compliance monitoring activities. The technical support component provides Headquarters and Regional Administrators with national expertise not normally available on their staffs, to evaluate a broad range of waste, discharge, disposal and emission problems, including process control problems.

Approximately three permanent workyears and associated support funds will be devoted to maintenance of an automated docket and case tracking system.

EPA-OCEAN DISPOSAL OF RADIOACTIVE MATERIALS

Question: You are requesting an increase of $1,202,900 for your Radiation Criteria, Standards and Guidelines in fiscal year 1983. Your justification notes that part of the 1983 program in this activity will deal with anticipated Department of Energy and Department of Defense Ocean Disposal Permit requests.

What correspondence from DOE or DOD have you received to indicate that they will be requesting disposal permits?

Answer: In April of 1981, we received a request from the Department of Energy to assist them in planning ocean disposal of Formerly Utilized Sites Remedial Action Program (FUSRAP) waste. At that time DOE anticipated submitting a permit request sometime in fiscal year 1983. On January 14, 1982 the DOD published a Federal Register notice announcing their intent to prepare a draft environmental impact statement on Ocean Disposal of decommissioned nuclear submarines. We now have ongoing contact with both DOE and DOD.

Question: What preliminary work is EPA doing in anticipation of the permit applications?

Answer: EPA has conducted several years of monitoring on past ocean disposal of radioactive waste. This information will provide the scientific bases for much of our review and analysis of permitting requests. EPA is currently revising its ocean disposal regulations. These revisions will include incorporating the London Dumping Convention Treaty requirements explicity into the regulations. Additionally, work is being carried out to identify the specific information requirements and technical issues associated with these two permit requests.

Question: How much will be devoted to this activity in FY 82 and in FY 83?

Answer: In fiscal year 1982 we have allocated a total of 10.5 workyears and no extramural dollars. In fiscal year 1983 the budget estimate is 9.9 workyears and $400,000 in contract funds.

Question: Will this work be done in-house or by contract?

Answer: This is primarily an in-house effort which will be augmented by some contractor support.

Question: Will a "Third Party" such as the National Academy of Sciences be asked to review your findings?

Answer: We have no specific plans to request the aid of the National Academy of Sciences. Ample provision is being made to allow for public comment and review as we progress through the permit process.

NOISE PROGRAM

Question: In fiscal year 1983, you are not requesting any funds for the Noise Program. Last year as part of the March Budget amendment, the Administration announced its intention to phase the program out during 1982. A total of $2,010,600 is available in 1982.

Do you foresee problems in the Noise area in future years without an organized Federal presence--in particular the development of conflicting State regulations with which industry will have to comply?

Answer: Problems in the noise area in the future will be minimal without an organized Federal presence. The Federal government only recently began to regulate noise. Historically, State and local governments have been involved in noise control long before a Federal presence.

We will provide training to over 500 State and local noise control officials this year, and provide on a long-term basis approximately 1.5 million dollars worth of noise measuring equipment to State governments for community equipment loan programs.

We feel that the States can assume full responsibility for environmental noise problems.

We do not anticipate any problems with the development of conflicting State regulations with which industry will have to comply. At the present time only 8 or 10 States have the regulatory authority to set new product noise standards. Of these, only 3 or 4 would have the resources and technical expertise to develop such standards (California, Oregon, and Delaware).

For the most part States would prefer to adopt in-use standards rather than new product standards governing noise emitted while the product is being operated. These types of controls are quite uniform throughout the Nation.

Finally, it is very difficult for States and communities to enforce emission limits on new products which are more stringent than those of surrounding jurisdiction since purchasers can cross jurisdictional lines to purchase products.

Question: Does Federal noise law still have pre-emption on State law even though there is no longer a Federal Noise Program after 1982?

Answer: Yes, in the areas of medium and heavy-duty, trucks, motorcycles, air compressors, interstate motor and rail carriers. and garbage trucks under the exting legislation. However, the Senate has passed a Bill that would leave in place EPA's only medium and heavy-duty trucks and the interstate carriers regulations. The House, likewise, has passed a bill that would leave in place EPA's medium and heavy-duty trucks, interstate carriers, motorcycles, and air compressor regulations. These would be preemptive regulations.

We are now considering, however, a self-certification procedure for the respective industries to comply with these regulations. We are also reconsidering the need for the garbage truck regulation in view of the increased capacity of State and local governments to deal with this source of noise. We do not foresee that these preemptive regulations would inhibit the abatement and control of noise at the State and local level inasmuch as State and local governments can adopt complementary legislation to enforce them.

OMB ENFORCEMENT REQUESTS

Question: Please provide, for the record, a list containing your initial request to OMB and the amount now contained in your budget for each of your enforcement programs.

Answer: This information follows:

Name	1983 OMB Request PFTE	1983 OMB Request $ (1000s)	President's Budget PFTE	President's Budget $(1000s)
Stationary Source Air	280.2	14,963.5	273.4	15,120.6
Mobile Source Air	65.1	5,515.6	56.4	5,419.1
Water Quality Enforcement	329.0	13,055.6	326.1	13,357.9
Water Permit Enforcement	163.9	10,128.6	163.9	10,196.5
Drinking Water Euforcement	25.7	827.5	25.7	856.1
Hazardous Waste Enforcement	46.1	1,795.6	46.1	1,896.5
Pesticides Enforcement	96.6	3,558.1	96.6	3,715.4
Pesticides Enforcement	-	6,918.4	-	6,918.4
Pesticides Certification Training	-	2,000.0	-	2,000.0
Technical Support AALEC*	65.2	3,239.7	65.2	3,281.0
Enforcement Policy & Operations	152.6	6,872.4	152.6	7,064.0
Toxics Enforcement	68.8	2,817.3	63.9	2,632.9
Hazardous Substances Response Enforcement	95.6	9,379.8	84.9	9,219.7
Technical Support AALEC* Superfund	15.0	2,207.5	15.0	2,346.2
Hazardous Waste Response Enforcement	69.0	3,215.9	66.0	3,762.6
SUBTOTAL	1,472.8	86,495.5	1,435.8	87,786.9
Office of Legal and Enforcement Counsel Program Management**	10.9	675.2	10.9	676.3
TOTALS	1,483.7	87,170.7	1,446.7	88,463.2

* AALEC - Associate Administrator for Legal and Enforcement Council.

** Although Program Management is not in the enforcement appropriation, it has been included in our previous calculations of enforcement resources.

PENALTY FOR NON-COMPLIANCE WITH AIR POLLUTION LAWS

Question: On July 28, 1980, EPA announced a new ruling on the collection of administrative penalties for pollution sources that are violating the law by failing to install and operate necessary pollution control devices. Under the new rule, EPA will be able to assess and collect administrative penalties equal to the economic savings a firm enjoys by not complying with the law. These penalties would be in addition to any other payment, sanctions or requirement under the Clean Air Act.

How much administrative leeway does EPA under the Clean Air Act to establish such administrative penalties?

Answer: There is very limited discretion with respect to these penalties. The Act makes their imposition mandatory in designated circumstances, although the Agency can and has established a procedure for setting priorities for implementation of this section. The provisions relating to the amount of the penalty are highly defined in the statute and have been incorporated into the economic model developed as part of EPA's implementing regulations.

Question: The rule envisions that such penalties would not be assessed prior to January 1, 1981. Has this rule been implemented yet and if not, why?

Answer: The rule has been implemented, starting on January 1, 1981, consistent with Agency resources and its announced prioritization scheme. To date, notices have been issued to 12 sources, and penalties totalling approximately $50,000 have been collected. However, this is not a totally accurate measure of the effectiveness of the program since, in a number of instances, the issuance or prospect of issuance of a Section 120 notice of noncompliance has prompted a violating source to come into compliance immediately. While no penalty was thus collected, the ultimate objective, source compliance, was achieved.

RESTRICTION OF FEDERAL FUNDS TO KENTUCKY AND CALIFORNIA

Question: On December 11, 1980, you announced your final action restricting future awards of federal highway and sewage treatment funds to 6 major urban areas in California, and 2 counties in northern Kentucky. This action was based on the Clean Air Act requirement to provide for automobile inspection/maintenance.

What is the current status of this action?

Answer: There has been no change in status since December, 1980.

AIR - MOBILE SOURCE STANDARDS AND GUIDELINES

Question: Since testing began in 1973, results have consistently indicated that between one-half and three quarters of those vehicles tested failed to meet emission performance standards. A good portion of these failures appeared to be attributable to maladjustments or tampering with the vehicles engine or emission control system. To what extent does EPA consider this to be a serious problem?

Answer: Effective in-use performance of vehicle emissions control systems is an important goal of the national motor vehicle pollution control program. Federal recall programs and State and local in-use programs are designed to help assure this goal. In addition, EPA plans to explore systems for determining manufacturers' compliance with emissions standards on the basis of in-use vehicle performance.

Question: What resources do you intend to devote to Mobile Source standards and guidelines in FY 1983?

Answer: EPA has budgeted 21.5 total workyears plus $500,000 in extramural funds for this program.

Question: Does this represent a phase-down of this program or a re-direction of the efforts to other high priority areas--and if so, what areas?

Answer: This figure reflects the completion of much of the rulemaking agenda established by the Clean Air Act Amendments of 1977.

Question: What level of assistance will EPA provide to State and local agencies for inspection/maintenance compliance programs?

Answer: Under the Mobile Source subactivity, EPA will provide 5.0 total workyears and $270,000 in extramural funds for support to local I/M programs. In addition, 10 states have requested Section 105 (DU A245) grant funds for automobile inspection/maintenance as part of their Air Quality Management requests.

AIR PROGRAMS - NEW SOURCE PERFORMANCE STANDARDS

Question: Your Budget Justification indicates that EPA will not complete all New Source Performance Standards (NSPS) by 1982 as required by the Clean Air Act.

How many NSPS are still required to be completed?

Answer: By the end of 1982 the Agency will have completed 60% of the required NSPS. The 1983 program provides additional funding to accelerate the completion of these standards. It is anticipated that 77% of the NSPS will be completed by the end of fiscal year 1983 (an improvement of 17% over 1982) as reflected in the table below:

The Agency had made substantial progress in promulgating New Source Performance Standards (NSPS); however, the completion of NSPS for all major stationary sources as required by the Clean Air Act will not be completed by the 1982 date mandated in the Act. Nevertheless, we do expect to have standards in place for almost all major sources by 1984. This represents a total of approximately 86 standards.

	Cumulative Promulgations	Promulgations	% NSPS Completed
Fiscal Year 1981	37	3	43%
Fiscal Year 1982	51	14	60%
Fiscal Year 1983	66	15	77%

Question: What is the Agency's schedule for NSPS completions in 1982 and 1983?

Answer: The NSPS schedule for fiscal year 1982 and fiscal year 1983 is as follows:

fiscal year 1982: 16 proposals; 14 promulgations

fiscal year 1983: 11 proposals; 15 promulgations

Question: You go on to state that you will increase your level of effort in FY 83 in order to accelerate the completion of NSPS for major stationary sources.

How do your FY 82 and FY 83 levels of funding compare?

Answer: Funding levels in fiscal year 1983 have increased slightly over fiscal year 1982 ($7.2 M in fiscal year 1982 vs. $7.9 M in fiscal year 1983). However, the primary need for contract expenditures for NSPS development is required at the beginning of the process through completion of the proposal. Much of this work is nearing completion; consequently, the total level of extramural resource need associated with the promulgation phase is expected to decline.

Question: Are there any changes in administrative procedures that can be made in order to speed up the process?

Answer: The Agency constantly strives for an efficient and effective administrative process for its regulations. Some progress has been made but there is still room for improvement. This improvement will come primarily from better management of the system as opposed to any fundamental change in its structure or operation. However, as we look at ways to speed up this process, we must insure that all regulations are based on the most credible scientific data base and receive a thorough review of analyses and alternatives.

Question: You indicate that you will shift your emphasis to major sources-defined as those with 250 tons or more of controllable emissions. What percent of the entire stationary source emission problem do these major sources represent?

Answer: The shift of emphasis towards sources with an emissions potential of 250 tons/year or more (controlled) pertains only to sources subject to State Implementation Plan requirements. A similar distinction was not made with respect to sources subject to New Source Performance Standards, where the historical violation rate for this category of sources was applied to the entire NSPS universe to determine the NSPS related enforcement workload. Sources with an emissions potential of 250 tons/year or more (controlled) represent approximately 65% of those sources which were the previous focus of EPA enforcement efforts (100 tons/year potential emissions without controls). While data do not permit a direct translation in terms of emissions, this subset would obviously represent well in excess of 65% of emissions since it includes all the most significant source categories (e.g., power plants, iron and steel, smelters) and other large sources.

Question: Is this a cost effective approach?

Answer: We believe this approach is very cost effective. Sources in the 250 tons/year category have a higher violation rate than other major sources. In addition, the potential emissions reduction from obtaining compliance by these sources is relatively the greatest.

EPA - CLEAN AIR ACT REAUTHORIZATION

Question: The authorization for the Clean Air Act expired at the end of fiscal year 1981. As you well know, the Congress was unable to draft legislation extending the Clean Air Act last year.

Lacking authorization for the clean air programs, How is the Agency managing its air programs in 1982?

Answer: Consistent with the current Act.

Question: Please provide, for the record, a summary of the major provisions that the Administration feels are critical in any revision of the Clean Air Act.

Answer:

- The Nation should continue its steady progress toward cleaner air.
- The Federal government should continue to promulgate national primary ambient air quality standards based upon health considerations and continue to set secondary standards for welfare-related concerns such as visibility, crop growth, and the like.
- The States will be accorded a full partnership in implementing the Nation's air quality goals.
- Statutes and regulations should be reasonable; deadlines for achieving air quality standards should be continued, but adjusted to reflect realities in particular areas.
- The current program for the prevention of significant deterioration of air quality should be maintained for the protection of national parks and wilderness areas.
- Uniform emission limits should serve as the control standards for new coal-fired plants. Environmental protection should be the criterion.
- Research on acid deposition should be accelerated.
- A more effective hazardous air pollutant program should be established.
- Emission standards for nitrogen oxides (NO_x) and carbon monoxide (CO) for light duty automobiles could be adjusted to more reasonable levels without affecting air quality goals.

AIR - MOBILE SOURCE ENFORCEMENT

Question: In describing your Mobile Source Enforcement program you state that you will continue to simplify motor vehicle preproduction and presale requirements.

What changes do you expect to implement and what EPA and industry savings are likely to be realized?

Answer: EPA is proceeding with a series of reforms aimed at simplifying the motor vehicle preproduction certification program. Significant aspects of these reforms are: (1) consolidation of engine families; (2) reduction in the number of emission data vehicles per engine family to be tested; (3) elimination of durability testing for small-scale engine families: (4) simplication of the process for selecting and maintaining emission data vehicles; and (5) reduction in manufacturers' paperwork and reporting burden. We estimate that total savings to manufacturers will be in the $5-30 million range, and that overall manufacturer burden estimate will be reduced from about 2.2 million hours annually to about 1.0 million. Savings to EPA, in the range of $400-500 thousand, are already incorporated in the fiscal year 1983 budget request.

Question: You also state that increased emphasis will be placed on compliance of in-use vehicles. By this do you mean that States are expected to assume a more active role in the inspection/maintenance program and if so what indication do you have that they intend to do so?

Answer: EPA plans to explore methods for determining manufacturers' compliance with emissions standards on the basis of in-use vehicles performance. The purpose of this change would be to assure that emissions control benefits are actually experienced on the road, and not just in the laboratory. Such an in-use compliance program would entail an expansion and refinement of in-use testing programs currently carried out by EPA. It would have no direct effect on State inspection/maintenance programs. In the long term, such programs may reduce the need for State action to control in-use vehicles emissions.

Question: Due to non-compliance for carbon monoxide and ozone, 29 states are required to have I/M programs. In certain states there have been considerable opposition to the inspection and maintenance programs. How many of the 29 states currently have I/M programs operating?

Answer: I/M programs are currently operating in 9 States: Arizona, Colorado, Georgia, New Jersey, New York, Oregon, Rhode Island, Virginia, and Washington.

Question: How many will become operational in 1982?

Answer: I/M programs are scheduled to become operational in 1982 in 8 States: Connecticut, District of Columbia, Maryland, New Mexico, Delaware, Kentucky (Boone County), and Tennessee (Memphis).

Question: How many states have had sanctions placed upon them for failure to implement I/M programs?

Answer: EPA has imposed sanctions in California and Kentucky, and has proposed sanctions in Pennsylvania. A Federal court has imposed sanctions in Pennsylvania.

Question: Are you familiar with the recent action in the Maryland Legislature concerning the I/M program?

Answer: Yes. The Legislature has passed a bill providing for a 6-month delay in the implementation of Maryland's I/M program.

Question: If the State Legislature does not provide funding, will that jeopardize Maryland's I/M program?

Answer: Yes. (But no such measure has been approved by the Legislature.)

Question: Could this action lead to sanctions applied by the Department of Transportation and the EPA?

Answer: By EPA, yes. However, DOT sanctions are only applicable to States which fail to carry out the necessary planning. In contrast, failure to fund the Maryland program would relate to implementation and would be subject to EPA sanctions only.

Question: Many states have a dollar limit above which a car owner does not have to pay to fix his car if it fails an I/M inspection. Might this not have the effect of undermining the effectiveness of the I/M programs?

Answer: No. Most I/M related repair costs are well under any established dollar limit. For these programs now established, we have determined that the emissions reduction effectiveness of each program would not be affected.

14-067 O - 83 - 45

ENFORCEMENT ACTIONS SUMMARY

Question: Please provide a list, by media, of referrals to the Justice Department, Administrative Orders and Inspections for fiscal years 1980 and 1981 and estimates for fiscal years 1982 and 1983.

Answer: The information follows:

	Fiscal Year 1980	Fiscal Year 1981	Fiscal Year 1982*	Fiscal Year 1983**
Air				
Referrals to DOJ	99	67	-1	-1
Administrative Orders	155	65	65	190
Inspections (EPA only)	-	3,475	1,825	1,835
Water				
Referrals to DOJ	61	47	-	-
Admin. Notices & Orders	658	631	726	761
Inspections (EPA only)	2,043	2,800	2,200	2,300
Drinking Water				
Referrals to DOJ	4	4	-	-
Hazardous Waste				
Referrals to DOJ	52	20	-	-
Administrative Orders	-	176	60	165
Inspections	-	1,980	3,200	2,950
Pesticides				
Referrals to DOJ	5	1	-	-
Administrative Actions	1,305	1,260	1,130	1,085
Inspections (EPA and State)	-	39,318	42,705	33,531
Toxics				
Referrals to DOJ	4	1	-	-
Administrative Orders	205	293	245	176
Inspections	-	1,096	2,018	1,580
Superfund				
Referrals to DOJ	-	-	-	-
Administrative Orders	-	25	1,510	2,020

[1] As a general rule, no projections are made for the estimated number of referrals for the current and/or budget years for fear that such projected estimates could be misconstrued as quotas. However, in developing the budget request it was assumed that there would be approximately the same level of litigation as in previous years.

* Current Estimate
** Budget Estimate

ENFORCEMENT OF VIOLATIONS

Question: You make the point in your complete statement (page 9) that administrative orders, notices of violations, and numbers of inspections are more important than case referrals to the Department of Justice. Yet an examination of the workload statistics for several of the Agency's media indicates that these enforcement categories show declines in 1982 and 1983.

Do you intend to rely more heavily on increased enforcement at the State and local levels and is this likely to materialize?

Answer: We do intend to rely more heavily on State and local agency enforcement. These agencies have grown both in resources and expertise over the years and are presently the chief enforcers of environmental regulations. I expect this trend to continue and expand with our active support.

Question: What technical assistance resources are contained in your FY 83 budget to assist these jurisdictions in implementing their enforcement efforts?

Answer: In 1983, not including State grants, we are providing almost 900 workyears and $50 million in technical support to State programs. Much of this support directly or indirectly impacts State enforcement efforts.

AIR PROGRAMS - STATE IMPLEMENTATION PLANS

Question: On page A-8 of your budget justification you state that the "Agency's highest air program priority in 1983 will continue to be the improvement of State Implementation Plans."

What specific activities do you intend to undertake in FY 83 to assist states in this effort?

Answer: Regional programs are being reoriented from trying to manage a process carried out by the States to one of maintaining appropriate overview of results. By 1983 this philosophy will allow further shifting of Regional efforts to the provision of direct technical assistance and expertise to the States in preparation of the more complex State Implementation Plans. Regional staffs will also be in a better position to spend time in jointly defining with the States those areas requiring special types of assistance in modeling or regulation development, and arranging for the provision of that assistance.

We will continue to supply a substantial level of financial assistance to the States for SIP development activities. The amount needed should be less as more States complete and refine their ozone and carbon monoxide State Implementation Plans and resolve outstanding SIP problems related to non-attainment of National Ambient Air Quality Standards.

We will continue to provide guidance on how to control stationary sources of volatile organic compounds. We will provide information transfer on control of specific types of source problems and applications of models. We will provide guidance and assistance in developing alternative methods of achieving standards through such approaches as bubble and banking. The emphasis in all these areas will be on providing the tools and assistance the States need to do a competent and effective job themselves.

Question: How does this compare to your efforts in FY 81 and FY 82?

Answer: Regional work years for technical support and oversight for State agencies will increase from about 95 work years in 1981 to 117 work years in 1983. Of equal importance to the increase, however, is the change in philosophy to help them do it right in the first place, rather then telling them after the fact that we disagree with what they have done. Both the resources they apply to the task, and those which we apply will be more effectively and efficiently utilized.

The financial assistance which we estimate the States will use to improve their SIP's in 1983 is about $20 million. This is a decrease from the estimated $27 to $28 million which was applied in 1981 and 1982. We estimate they will alter their use of Federal financial assistance because the more expensive portions of development of ozone and carbon monoxide SIP's will have been completed.

The efforts in headquarters to provide necessary guidance and techniques on the types of problems the States will be facing in 1983 will remain about the same as that devoted to such problems in 1981 and 1982, about 50 workyears. The cuts we are proposing in these areas relate to transportation control planning (completed by 1983) and the reduction of duplicative review of proposed SIP's.

Question: Extensions of the ambient air quality standard attainment dates for ozone or carbon monoxide beyond 1982 were granted to 29 states.

What is requested in FY 83 to develop the ozone criteria document and how does this compare to the cost of other criteria documents?

Answer: The fiscal year 1983 request for continued work on the ozone Criteria document is $725,000 of which $425,800 is for Salaries and Expenses and $300,800 is for extramural support. There are also 8.0 FTE's (5.5 PFTE's) assigned to the project for fiscal year 1983. Each of the criteria pollutants presents a vastly different set of scientific challanges for criteria update.

Recognizing this, recent experience with CO, NO_x, PM/SO_x and current estimates for the Ozone document produces a range of costs:

$1.0-2.5 million
15-24 month project
7-12 workyears

Question: What progress have these States made in meeting the mandatory 1982 date for the submission of a State plan?

Answer: For the areas that were granted a 1987 attainment date extension for carbon monoxide and ozone, the States must submit by July 1, 1982, SIP revisions that comply with the elements of Section 172(b) of the Clean Air Act, including a revised emission inventory; legally enforceable control measures; and a demonstration that the measures will result in attainment by the end of 1987. Additional control of volatile organic compound (VOC) sources for ozone plans and additional transportation control measures for both carbon monoxide and ozone plans are needed. Also, continued implementation of each area's I/M program is a necessity.

To date, most States are working to finalize their revised emission inventories, develop their attainment strategies, and complete the development and implementation of control measures as outlined in their 1979 SIP revisions. However, most have not yet formally adopted any new regulatory provisions as a part of their 1982 SIP submittals. Therefore, no area's plan is expected to comply fully with all requirements for the submittal by July 1, 1982.

Question: The 1977 amendments to the Clean Air Act require EPA to revise the National Ambient Air Quality Standards (NAAQS) on a 5-year cycle, if necessary.

What actions has the Agency taken during the past year to streamline the NAAQS revision process?

Answer: The Agency has done the following to streamline the revision process:

1. Tightened internal scheduling to assure necessary research is accomplished on time.

2. Concentrated the attention of high level management on improving and speeding up internal review processes.

3. Eliminated extraneous reviews.

4. Established parallel reviews.

We are examining processes for the peer review of scientific information and public review and comment in the hopes that both processes can be strengthened but shortened in time.

Question: What is the current status of the revisions for carbon monoxide, particulate matter, sulfur dioxide and nitrogen dioxide?

Answer: The following is our present schedule for revisions to the carbon monoxide, particulate matter, sulfur dioxide, and nitrogen dioxide National Ambient Air Quality Standards:

Carbon Monoxide	final standard, Spring 1982
Particulate Matter	proposed standard, second half of 1982
Sulfur Dioxide	proposed standard, first half 1983
Nitrogen Dioxide	proposed standard, first half 1983

SUPERFUND - SITE MANAGEMENT PLAN

Question: Several months ago you supplied the Subcommittee with a "Site Management Plan" for the Superfund Program. That Plan consisted of 20 activities or discussion points.

Please indicate the number of sites at each of these "Nodes" at the present time.

Answer: Our current information systems do not identify sites at each node. The Agency does not presently have any plans to try to develop this data in the future as it is not perceived to be useful for management of the program. We currently have 25 remedial investigation/feasibility study projects, 8 design projects, and 4 cleanups in process.

Question: On a separate chart provide the same information in terms of your goals for the end of fiscal year 1982.

Answer: In fiscal year 1982, we are budgeted to begin 42 remedial investigation/feasibility study projects, 10 design projects, and 7 cleanup projects.

Question: Do the same for the end of fiscal year 1983.

Answer: We are budgeted to begin 56 remedial investigation/feasibility study projects, 20 design projects, and 11 cleanup projects at the end of fiscal year 1983.

SUPERFUND - RISK ANALYSIS

Question: In a January 20 Article in the Pesticide and Toxic News, Mr. Hernandez is cited as saying that while Risk Analysis is of primary concern at EPA in conjunction with the Superfund, it must be viewed as a flexible process if good decisions are to be reached.

Could you please expand on this statement and provide several actual examples demonstrating the application of this flexibility?

Answer: The National Priority List required by the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) will be compiled using an EPA-developed hazard ranking system. The hazard ranking system (HRS) was developed using some risk analysis principles, but the range of factors used in the system is intended to reflect likely conditions at hazardous waste sites rather than to follow a theoretical risk analysis methodology.

In addition, the HRS is implemented using a management system that gives discretion to the Agency and the States for placing sites on the list and for funding cleanup activities. This discretion gives the Agency adequate flexibility to implement the Superfund program in a cost effective manner. Another example of a practical application is the use of risk analysis principles to establish the appropriate extent of remedy at hazardous waste sites. Appropriate extent of remedy is determined by considering several site-specific factors, one of which is the concentrations of toxic substances to which surrounding communities are exposed. These concentrations are often compared with various advisory levels developed by both State and Federal regulatory agencies.

Explicit risk analyses are usually performed by these regulatory agencies in establishing the advisory levels. The Superfund program relies on a certain degree of flexibility in adapting these advisory levels to reflect site-specific conditions.

PROGRAM PLAN FOR SUPERFUND

Question: The Subcommittee Staff, with GAO's assistance, compiled from EPA Budget and Planning documents and discussions with EPA officials an estimate of total program outputs and costs for the expected life of the Superfund program.

Is this a fair description of EPA's current plans and estimates?

Answer: The estimate of program outputs prepared by GAO reflects the objectives we set nearly a year ago when we began preparing the fiscal year 1983 budget request.

Question: If it is not, revise the outputs and costs, as appropriate, and provide the revision to the Subcommittee.

Answer: We are currently in the process of reviewing these objectives from the perspective of the progress that has been made to date. The results of this review will form the basis for our fiscal year 1984 budget request.

Question: Please provide for the record an annual plan beginning with fiscal year 1982 which contains the activities that you expect to undertake in each of the next three years -- including the number of sites that will be affected, progress achieved and costs incurred in meeting the Plan's program outputs.

Answer: Getting the basic implementation mechanisms in place has taken longer than we originally anticipated. We are now in the process of developing an updated program strategy which will include projected accomplishments for fiscal year 1983 and beyond. The following table identifies those estimates which we are currently budgeted to begin in both fiscal year 1982 and fiscal year 1983. We will provide you with an updated program strategy when it is completed.

PROGRAM ACTIVITIES	Current Estimate 1982	Estimate 1983
Hazardous Substances Sites-Immediate Removal Actions	45	30
Hazardous Substances Sites-Planned Removal Actions	15	30
REMEDIAL ACTIONS		
Preliminary Assessments	8,000	2,000
Inspections	1,500	500
Investigations	300	100
Full-Field Investigations/Feasibility Studies	42	56
Designs	10	20
Undertake Remedy	7	11

SUPERFUND - HHS RESPONSIBILITIES

Question: Could you please place the HHS fiscal year 1982 request and their appeal for funding to implement Section 104(i) of Superfund in the record?

Answer: The requested materials follow:

Question: How much are you budgeting for HHS activities in fiscal year 1983?

Answer: The Agency has requested $3.2 million in the President's Budget for HHS' ongoing responsibilities during fiscal year 1983. This does not include site-specific responsibility funding which will be supplied on a case-by-case basis.

Question: What specific subsections (1-5) of 104(i) do you consider to be most important for the protection of the public health and the environment?

Answer: The Agency does not believe that it should prioritize specific subsections of any of the laws that it administers. Thus, while section 104(i) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) mandates the involvement of the Department of Health and Human Services, it would be inappropriate for us to prejudice any rank-ordering of the subparts of this section that may be delineated by that Department.

Question: How would you allocate your fiscal year 1983 funds among these 5 subsections?

Answer: HHS did not submit a budget request based on specific subsections of section 104(i). Rather, HHS submitted a budget request based on its organizational and programmatic divisions. The Agency found this to be a reasonable method of budget development and based its recommendations for HHS in fiscal year 83 on the divisions in the HHS budget request. Our recommendation provided $3.217 million for HHS' ongoing responsibilities. This funding will provide the Superfund program with HHS scientific support through appropriate staffing in the HHS/Center for Disease Control Headquarters and the field; health-related field guidance and support for emergency response; the development of standard guidelines for laboratory and epidemiologic investigations of commonly requested health studies; development of technical guidance and field manuals for the protection of workers; and the addition of chemicals to the HHS toxicological data base.

The funding allocations for HHS' ongoing role and responsibilities conform to the HHS budget request and to their responsibilities, as expressed in the statute and Executive Order 12316. Other activities, such as the development of registries, health studies and screening programs, were deemed to be more appropriately funded on a site-specific basis, as the need for such activities arises. HHS will receive additional funding to finance these and other site-specific activities. Therefore, the total amount of funding that will be made available to HHS will, in all likelihood, be significantly above the $3.217 million provided to them for the ongoing responsibilities.

HAZARDOUS WASTE MANAGEMENT STRATEGIES IMPLEMENTATION

Question: The total amount requested for Hazardous Waste Management Regulations Strategies Implementation in 1983 is $13,012,400, an increase of $3,733,000 above the 1982 level and permanent workyears increase by 72.4 in 1983.

How much of the increase in waste management regulatory strategies implementation is due to the reorganization of this account with the regional component of Hazardous Waste Permit Issuance?

Answer: The fiscal year 1983 workyear increase and $3.3 million of the dollar increase for Hazardous Waste Management Regulatory Strategies is due to reprogramming the regional resources for Hazardous Waste Permit Issuance.

Question: You state that EPA regions will technically evaluate and issue 1,020 hazardous waste permits in States not authorized to conduct their own permitting programs.

How many permits do you expect will be granted in fiscal year 1982?

Answer: In fiscal year 1982 the Agency expects to issue 100 hazardous waste permits. Development of permits for at least 750 facilities will be underway in fiscal year 1982, but most of these will not be issued until fiscal year 1983.

Question: You note that contractor support will be available to assist the Regions.

How much have you budgeted for this contract effort in fiscal year 1982 and fiscal year 1983?

Answer: In fiscal year 1982, $2,093,700 in extramural funds supports contractor assistance for hazardous waste implementation. In fiscal year 1983, the entire $1,629,500 identified in the budget request will also be devoted to contractor support.

Question: How many permits do you expect will be issued in authorized States?

Answer: The Agency expects that interim authorized States will issue permits for all the hazardous waste management facilities within their jurisdiction. The exact number of permits issued will depend on the number and timing of States' receipt of interim authorization to administer permitting programs.

Question: What is the total number of permits that may need to be issued in order to fully implement the Hazardous Waste program under RCRA?

Answer: Permits will be needed for all hazardous waste treatment, storage, and disposal facilities nationwide. At this time, approximately 10,500 existing facilities have submitted initial permit applications. Perhaps 20-30 new facilities each year will also require permits.

WASTE DISPOSAL IN MINES

Question: In a December 14, 1981 article in Chemical and Engineering News PPG Industries states that it plans to convert its worked-out limestone mine in Ohio to a storage facility for chemical wastes.

What are the benefits of such storage methods?

Answer: The benefits of mine storage of wastes vary depending on the type, material, and location of mine. Since the PPG mine is located approximately 2,000 feet below the surface and 1,000 feet below any aquifer, it may not present any real environmental problems.

Question: What is EPA doing in the area of mine storage?

Answer: The Agency published a research study of disposal of wastes in salt mines in 1977 but there is currently no analysis or research in mine storage or disposal, primarily because there are no mines used for this purpose in the United States.

Question: What regulations or permits would be required to proceed with such storage?

Answer: If PPG Industries planned to use its deep limestone mine simply for storage of drums of hazardous wastes, then the Agency's regulations for permitting hazardous waste storage in containers would apply. If the intent were to dispose of the wastes in the mine, then the Agency would have to determine whether this represented an underground injection well or another type of land disposal before a permit could be developed for the facility. Quite probably a unique permit would have to be developed for this proposed new facility.

SUPERFUND - EXPENDITURES AND REVENUES

Question: On November 6, 1981, you supplied the Subcommittee an estimate of the BA, outlays and revenues for the Superfund. A part of that information is presented below. Please complete this table with current estimates.

Answer: The following table updates the original estimates. The revenue columns do not reflect total projected Hazardous Substance Response Trust Fund revenues. These numbers represent expected tax receipts and do not include interest income, fines, penalties and revenues. For a comprehensive display of current estimates refer to Question #34 in the package.

Fiscal Year	BA (11/6/81)	BA (Current)	Outlays (11/6/81)	Outlays (Current)	Revenues (11/6/81)	Revenues (Current)
1981	$ 74,743	$ 74,743	$ 12,000	$ 8,039	$129,000	$127,900
1982	$176,000	$190,000	$ 84,743	$117,743	$290,000	$283,000
1983	$325,000	$230,000	$186,000	$188,000	$296,711	$299,000

DISPOSAL OF CONTAINERIZED LIQUID WASTE

Question: You recently proposed an Interim Final Amendment on the disposal of containerized liquid wastes.

Could you summarize this amendment for the record and indicate when a final rule will be issued?

Answer: On March 22, 1982 the Agency issued an interim final amendment imposing interim restrictions on landfill disposal of containerized liquid waste, pending full rulemaking on the issue. Under this interim final amendment, no container holding free-standing liquid may be placed in a landfill.

The Agency plans to promulgate a rule on landfill disposal of containerized liquid wastes before the spring of 1983. This course of action will allow the Agency to carefully evaluate public comments; collect information, particularly through site visits; and conduct a technical workshop of experts in this field. The March 22, 1982 interim final amendment will remain in effect throughout the time it takes the Agency to consider the most appropriate rule.

HAZARDOUS WASTE - REGULATIONS, GUIDELINES AND POLICIES

Question: Your fiscal year 1983 Budget Request for your Hazardous Waste - Regulations, Guidelines and Policies Program shows a $4.8 million increase over the fiscal year 1982 level. In your justification, you state that this increase in the abatement, control and compliance account is due to increased efforts in regulatory reform including risk mitigation studies and regulatory impact analyses.

Could you please describe what additional studies will be undertaken during fiscal year 1983?

Answer: The Agency is engaged in a thorough review of its hazardous waste regulations. One aspect of this effort is the implementation of the "degree of hazard" approach to regulatory reform which identifies the possible tradeoffs among the risks, costs, and administrative feasibility of various hazardous waste management practices. This new approach will allow for more flexible regulations as the permitting standards can be tailored to specific wastes or industrial segments which may be over - or under-regulated by the current regulations. New regulations for individual wastes, such as waste oil or chlorinated organics, will reflect regulatory impact analyses and application of the degree of hazard matrix.

SUPERFUND

Question: Please provide for the record the number of Superfund sites that will be in each of the various stages of the process.

Answer: The Agency does not keep data in this manner. Instead data are kept by the type of activity. The following table identifies the projected accomplishments for each of the various stages of the process.

PROGRAM ACTIVITIES	Current Estimate 1982	Estimate 1983
Hazardous Substances Sites-Immediate Removal Actions	45	30
Hazardous Substances Sites-Planned Removal Actions	15	30
REMEDIAL ACTIONS		
Preliminary Assessments	8,000	2,000
Inspections	1,500	500
Investigations	300	100
Full-Field Investigations/Feasibility Studies	42	56
Designs	10	20
Undertake Remedy	7	11

Question: Please provide a 3 year plan for the expenditure of Superfund monies starting with fiscal year 1982.

Answer: The Agency plans to obligate $190 million in fiscal year 1982 and another $230 million in fiscal year 1983. OMB's government-wide planning estimates currently include $310 million in budget authority for Superfund in fiscal year 1984. The President's request for 1984, however, will not be finalized until January of 1983.

Question: Why are the outlays from the Fund lagging so far behind the appropriations?

Answer: Outlays will always lag behind appropriation. While obligations can move along quickly, the actual outlays lag behind. The lag can stretch across several quarters depending on the types of activity the outlay is supporting.

Question: Please provide a 3 year revenue plan for the Fund.

Answer:

	($ In Thousands) 1982	1983	1984
Unappropriated Balance, Start of Year Receipts:	78,293	215,693	352,193
Interest, Fines and Recoveries	17,800	23,500	37,500
Transfers From the General Fund, Amounts Equivalent to Taxes	283,000	299,000	305,000
Appropriations from the General Fund	26,600	44,000	44,000
Total Available For Appropriation	405,693	582,193 -230,000	738,693*

* This is the current OMB planning figure. Appropriate adjustments will be made according to the President's fiscal year 1984 budget request.

Question: When will you complete negotiations on the 115 sites on the interim list?

Answer: There are currently about 31 sites on the Interim Priority List where negotiations were previously underway. This includes 20 sites for which the Agency has already initiated formal legal action, and 11 sites for which discussions with responsible parties have taken place in the absence of filed litigation. The Agency has already secured consent decrees totaling $3.2 million in privately-financed cleanup for two sites on the list -- the Bluff Road site in South Carolina and the ABM-Wade site in Pennsylvania -- as a result of notice letters issued late in 1981.

The Task Force has issued about 725 letters for 55 sites on the Interim Priority List. Approximately 125 more letters for an additional 25 Interim Priority List sites were issued prior to the formation of the Office of Legal and Enforcement Counsel Task Force.

As of April 26, 1982 the Task Force has received about 200 responses to letters it issued. About 190 of the 200 responses indicate a willingness by the recipients to meet with the Agency to discuss the hazardous conditions at the site and their responsibility for site cleanup.

It should be acknowledged that these responses do not contain a blanket commitment to undertake unilateral site cleanup; rather, the respondents generally want to know more about the conditions at the site and why the Agency considers the respondents the "responsible parties" under the definitions of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

The Task Force is currently evaluating all of the responses and will begin setting up meetings and negotiations with the respondents in the near future. Once these meetings are scheduled, the Agency will make it clear that it will not engage in "open-ended" negotiation sessions. Normally, the maximum period of time for these negotiations will be 60 days. If no agreement is reached which is acceptable to the Agency at that time, the Agency will begin response actions under the Fund or formal enforcement actions. In either event, the Agency will initiate a later cost recovery action.

Question: Please provide the list for the record.

Answer: The list is attached for the record.

Question: The justifications indicate that the Agency has developed a multi-year program to deal with the most serious sites identified in conjunction with the States.

What are the details of this program?

Answer: We have developed a step-by-step process to plan for and implement remedial actions at the most serious sites identified on the Interim Priority List. The first step is a remedial investigation and feasibility study to determine the extent of the problem and to evaluate remedial alternatives for engineering feasibility, cost, and mitigation of environmental and public health threats. These steps would typically take 18 months for our more complex sites and result in the selection of a cost-effective remedial action. The second step is an engineering design to prepare the necessary technical specifications and plans to implement the remedy. This step could last 9 months. The final step is implementation of the remedy and may require 9 months or more for extensive projects.

Less complex actions can be done on a faster track. In these situations, remedial planning can be completed within 4 months.

Question: How has the Agency established priorities to deal with the most serious sites?

Answer: On October 23, 1981, the Agency announced that a Superfund Interim Priority List of 115 sites had been established. The list was primarily based on scores of sites using the Hazard Ranking System ("MITRE Model"). In order to calculate these scores, numerical values were assigned to a series of factors related to the likelihood of pollution occurring and the severity of environmental or public health damages that might result from a discharge.

The Agency and the States scored 282 sites for the list and selected the top 100 by score. In addition, the Agency asked each State to identify the State's top priority site. States' top priority sites not included in the top 100 by score, were added to the list, or they were substituted for another site from that State which had scored in the top 100.

Question: The Superfund legislation also requires the Agency to publish a list of 400 sites referred to as top priority among known response targets. When will such a list be published?

Answer: The Agency plans to publish the National Priority List this winter.

Question: What is the current status of the development of such a list?

Answer: The Agency and the States have identified nearly 1000 candidate sites for the list. We are conducting ground and surface water and air monitoring and collecting other data needed to apply the Hazard Ranking System to the sites. Most of the investigative work should be completed this summer.

CERCLA Interim Priority List

State	Site Name
WA	Commencement Bay
NH	Keefe Environmental Services
NJ	Lipari Landfill
MA	Mark Phillip Trust (Woburn)
PA	McAdoo Associates
MA	Nyanza Chemical Waste Dump
NY	Pollution Abatement Services
NJ	Price Landfill
OK	Tar Creek
DE	Tybouts Corners
FL	Biscayne Aquifer (Northwest 58th Street Landfill, Miami Drum, Varsol Spill)
PA	Bruin Lagoon
NJ	Burnt Fly Bog
DE	Delaware Sand and Gravel - Llangollen Army Creek Landfill
NJ	Goose Farm
NJ	Lone Pine Landfill
TX	Motco
NJ	Pijack Farm
NJ	Spence Farm
AR	Vertac, Inc.
NJ	Bridgeport Rental and Oil Services
NJ	D'Imperio Property
TX	French Limited Disposal Site
NY	Love Canal
NY	Old Bethpage Landfill
FL	Picketville Road Landfill
FL	Reeves Southeastern Corporation
IN	Seymour Recycling Corporation
TX	Sikes Disposal Pits
SC	South Carolina Recycling and Disposal Co. (Bluff Road)

CA	Aerojet/General Corporation
FL	American Creosote Works
MA	Charles George Land Reclamation Trust
CA	Iron Mountain Mines, Inc.
NJ	Kin Buc Landfill
MN	Oakdale Dump Sites
NY	Olean Well Fields
RI	Picillo Farm Site
DE	Stauffer Chemical
FL	Taylor Road Landfill

State	Site Name
MN	Andover Sites
FL	Broward County Solid Waste Disposal Facility
PA	Butler Tunnel
NY	Facet Enterprises, Inc.
MO	Fulbright Landfill
NH	Ottati & Goss/Kingston Steel Drum
FL	Pioneer Sand Company
FL	Timber Lake Battery Disposal
FL	Whitehouse Waste Oil Pits
SD	Whitewood Creek
OH	Chem-Dyne Corporation
NJ	Chemical Control
FL	Coleman-Evans Wood Preserving Company
RI	Davis Liquid Chemical Waste Disposal Site
AR	Fritt Industries
FL	Hollingsworth Solderless Terminal Company
CT	Laurel Park Landfill
MA	Re-Solve, Inc.
MN	Reilly Tar and Chemical Corp.
CA	Stringfellow Acid Pits
AR	Allen Transformer
FL	Alpha Chemical Corp.
OH	Fields Brook
MN	Koppers Gas and Coke Plant
AR	Mid-South Wood Products
IN	Neal's Landfill
NM	United Nuclear Corporation
NJ	Upper Freehold
FL	Zellwood Ground Water Contamination Site
AZ	19th Avenue Landfill
KY	A.L. Taylor Site ("Valley of the Drums")
NY	Batavia Landfill
FL	Gold Coast Oil Corporation
NM	Homestake Mining
PA	Hranica Landfill
PA	Lord-Shope Landfill
MN	National Lead-Taracorp Site
IL	Outboard Marine Corporation
FL	Sapp Battery Salvage
FL	Tower Chemical Company

14-067 O - 83 - 46

State	Site Name
PA	ABM-Wade
MO	Ellisville Area Sites
OH	Chemicals and Minerals Reclamation
MI	Gratiot County Landfill
PA	Lehigh Electric and Engineering Company
NY	Marathon Battery Corporation
VA	Mathews Electroplating
NH	Sylvester's
WV	West Virginia Ordnance Site
RI	Western Sand and Gravel Site
NM	AT&SF Railroad (Clovis)
TX	Bioecology Systems, Inc.
VA	Chisman Creek Disposal
OK	Criner Waste Disposal Site
CO	Denver Radium Sites
PA	Lindane Dump
NY	Niagara County Refuse Site
OH	Summit National Liquid Disposal Services
AL	Triana (Redstone Arsenal)
ME	Winthrop Town Landfill
IA	Aidex Corporation
KS	Arkansas City Dump Site
ND	Arsenic Trioxide Disposal Site
MD	Chemical Metals Industries, Inc.
DC	Fort Lincoln Barrel Site
GA	Luminous Processes, Inc.
TN	North Hollywood Dump
GU	Ordot Landfill
TTP	PCB Disposal
NC	PCB Spills in North Carolina
NMI	PCB Warehouse
VT	Pine Street Canal
UT	Rose Park
AS	Taputimu Farm
MS	Walcotte Chemical Company

HAZARDOUS WASTE ENFORCEMENT

Question: You are requesting $1,896,500 for Hazardous Waste Enforcement. This is a decrease of $5,931,600 from fiscal year 1982. You note, however, that "This change results from the transfer of legal activities to the Office of Legal and Enforcement Counsel and the consolidation of permit resources."

Including these transfers, what is the total amount available for this enforcement program?

Answer: Most of the apparent reduction is from an Agency reorganization which resulted in a transfer of 35.1 permanent workyears to the Office of Legal and Enforcement Counsel. The

resources available for the hazardous waste enforcement program, including the resources transferred to the Office of Legal and Enforcement Counsel, total 81.2 permanent workyears and $3.4 million. The permitting resources previously in enforcement and now consolidated in the Abatement and Control function would add another 86.2 permanent workyears and $3.3 million to this total.

Question: What was the Agency's request to OMB for Hazardous Waste Enforcement?

Answer: The Agency requested 46.1 permanent workyears and $1.8 million for technical enforcement activities which is only one component of the overall enforcement program. Resources for legal enforcement activities were included in an interdisciplinary program located in the Office of Legal and Enforcement Counsel.

Question: The justification of Page HW-65 indicates that 2,950 compliance inspections will be accomplished in 1983. This is 250 less than the number expected in 1982.

What percentage of facilities needing compliance inspections does this represent?

Answer: The 2,950 compliance inspections represent 31% of those treatment, storage and disposal facilities, and generators requiring inspections in States which have not received interim authorization.

Question: How often would you anticipate re-inspecting each facility?

Answer: The strategy for inspection of facilities is to inspect each major facility and generator at least once per year, to inspect non-major facilities at least once every two years, and to inspect other generators and transporters at least once every ten years.

Question: How many facilities would you need to inspect annually if you wanted to inspect all of the facilities at least twice during the next five years?

Answer: The Agency would need to conduct 3776 inspections annually to inspect all generators and facilities twice in the next five years. The Agency believes the present strategy provides sufficient coverage of hazardous waste handlers to discover significant violations and ensure continued voluntary compliance.

HAZARDOUS WASTE SITE TRACKING SYSTEM

Question: During fiscal year 1980, EPA fully implemented the Hazardous Waste Site Tracking System.

What information is currently available from this system?

Answer: The Hazardous Waste Site Tracking System identifies and describes the hazards present at 10,000 known and potentially hazardous waste facilities. The system, set up in 1980, tracks facilities from initial identification through preliminary assessment, site inspection, tentative disposition, and final strategy.

Question: What information does the system now contain that it did not contain last year at this time?

Answer: The system contains the same data elements on sites that it contained last year at this time; however, additional sites are now in the system.

Question: How will this system be used in allocating resources within the Hazardous Waste Program?

Answer: The system was one of the data bases used in the fiscal year 1982 and fiscal year 1983 Regional workload models. These models distributed Superfund response and enforcement workyears among the EPA Regions.

Question: Will the States have direct access to this system?

Answer: The States will not have direct access to the system, although data may be retrieved through the Regional offices. The Agency maintains several automated data bases containing information on hazardous waste facilities. Included among them is the Section 103(c) Notification System. To minimize the substantial overlap among these data bases, a comprehensive inventory, consolidated from the Section 103(c) Notification System, the Hazardous Waste Site Tracking System, and other data bases, is under development. The task is scheduled for completion in May 1982.

RESPONSE TO MAJOR SPILLS

Question: In fiscal year 1982, your Office of Water and Waste Management estimated that your funding level would permit 90% of the major spills and 55% of the expected site emergencies to be dealt with.

What has been your actual experience to date?

Answer: In fiscal year 1982, our experience to date has been that funding levels have been sufficient for us to conduct immediate removals (short-time response to hazardous site or spill incidents) at all of the incidents that required Federal response. As of March 31, 1982 we have conducted 26 immediate removals in fiscal year 1982 and we are also continuing work on 8 site emergencies which were started under the authority of Section 311 of the Clean Water Act prior to fiscal year 1982.

CHICAGO TUNNEL AND RESERVOIR PLAN

Question: The multibillion dollar Chicago Tunnel and Reservoir Plan (TARP) has been the subject of a great deal of controversy because of its high cost and possible limited impact on water quality. In May 1979, GAO questioned continuing funding of TARP Phase I and recommended that EPA re-assess the project before further funding. Now almost 3 years later, EPA has not decided on the future of TARP. In this regard:

What is your current estimate of when a decision will be made on the future of Federal funding for TARP?

Answer: The funding decision on TARP has been deferred since the State of Illinois apparently will not designate any of the unfunded TARP Phase I segments as priority projects for Federal funding at least until 1984 or beyond. When the State of Illinois has designated one or more segments of TARP Phase I as priority projects within fundable reach, a funding decision will then be made after further project review including any new information submitted.

Question: Why has it taken so long to make the re-assessment?

Answer: Because of the interrelationship of TARP and the proposed advanced treatment plants (i.e., the TARP tunnel water is treated in the advanced treatment plants and the combined sewer overflows affect the same waters into which the treatment plants discharge), Headquarters' reviews of TARP also include the three proposed advanced treatment plants in Chicago. Numerous complex issues, including the use attainability of Chicago waterways and analysis of hundreds of comments received on the draft report, have prolonged the review process.

Question: How are you estimating whether the State's water quality goals will be met by TARP?

Answer: The State of Illinois is required to reevaluate the water quality standards of the Chicago waterways by the end of 1984 under Section 24 of the 1981 amendments to the Clean Water Act. The answer to this question should await completion of the State's review of the water quality goals for Chicago waterways.

Question: Given Illinois' allocation under a $2.4 billion construction grant program--about $110 million--could this project ever be completed?

Answer: The total capital cost of the unfunded segments of TARP Phase I is about $1.1 billion. Accordingly, with either 75 percent or 55 percent Federal assistance, the entire project could not be completed for many years.

ADVANCED WASTEWATER TREATMENT REVIEW

Question: A few years ago the Appropriations Conference Committee in its concern over the cost and benefits of advanced wastewater treatment projects required the EPA Administrator's review of AWT projects to assure that they would definitely result in significant water quality and public health improvements.

What has been the impact of this requirement in terms of the number of projects you approved versus the number sent to you for approval?

Answer: Since 1979, when the Headquarters reviews of advanced treatment projects began, the AWT Task Force has reviewed 73 projects with incremental capital costs totaling $966 million. About 37 of these projects have been altered as a result of these reviews, with resulting capital cost savings of about $341 million and operations and maintenance cost savings exceeding $20 million annually. The secondary treatment and certain justified AWT processes were funded for most of the 37 projects. In addition, Headquarters reviews of six additional projects are nearing completion. Funding is expected to be deferred for certain AWT processes in each of the facilities. These reviews are expected to result in capital cost savings of $478 million from the proposed incremental AWT costs of $691 million.

Question: Describe the criteria you used to determine that the AWT projects will definitely result in significant water quality and public health improvements.

Answer: The following criteria are used for approval of AWT projects: 1) impairment of the designated use is documented by data; 2) a reasonable relationship has been established between impairment of the designated use and pollutant loadings; 3) additional reduction of loadings resulting from construction and proper operation will make a substantial contribution to restoration of the designated use; and 4) costs of the advanced treatment are not excessive in relation to benefits.

Question: Does this budget envision a continued review of these projects?

Answer: Although resources are not requested specifically in the proposed fiscal year 1983 budget, the Agency is committed to continuing these reviews at Headquarters in 1983.

Question: What is the funding figure for AWT projects in your fiscal year 83 budget?

Answer: The Agency has not requested funding specifically for AWT reviews in 1983. We intend to commit adequate Headquarters resources in 1983 to maintain an effective review of those projects submitted by Regional Offices. During 1982, the Agency has 25 people involved in AWT reviews, including 10 people in the Construction Grants program. The Congress appropriated $350,000 in 1982 for Headquarters AWT reviews. We do not believe we need such earmarked funding as we intend to continue the reviews.

NEW NASA SEWAGE TREATMENT SYSTEM

Question: NASA research during the past 10 years has led to the development of a simplified natural biological sewage treatment process which represents a major technological breakthrough in wastewater treatment and water recycling. The system, which is odor free and costs less than half as much as a conventional system to operate and maintain has been approved by the Environmental Protection Agency for treating municipal sewage. This hybrid system, which was unveiled to the public for the first time in March 1981, has already been used by an engineering firm in Baton Rouge, Louisiana for designing two wastewater treatment plants. These plants will be located at Minden and Tallulah, Louisiana. The Minden plant will have a capacity of 3.5 million gallons per day, and the Tallulah plant 1.4 million gallons per day.

What cost savings, if any, could be achieved by the use of this type system?

Answer: In two specific instances, projected cost savings for this developing technology (anaerobic lagoons in series with anaerobic rock filter trenches planted with reeds) were approximately 15% less costly than low-cost non-innovative municipal wastewater treatment systems such as oxidation ditches. It will be some time before there is adequate information from several fullscale operating systems to verify how widely applicable these savings are to other situations. It should be noted that based on the presently available data, conventional treatment ponds (i.e., facultative lagoons) appear to be less expensive for most applications where a lesser level of treatment is acceptable.

Question: What is the potential number of situations which could use this type of a system?

Answer: This is a developing technology in its early stages of development. Its future use will depend upon the level of success or difficulty encountered as the first projects funded through the innovative/alternative technology program begin

operation. The process is best suited to smaller communities in warmer regions of the country.

Question: Would this qualify for 85% funding?

Answer: Both of these projects have been determined to satisfy the 15% cost savings and risk requirements to qualify the projects for 85% grants under the innovative/alternative provisions of the Clean Water Act. The Environmental Protection Agency's Technical Support Group, established to evaluate proposals for innovative and alternative technology systems upon request, have concurred that systems for Minden and Tallulah would be innovative, but recommended some modification in design.

DRINKING WATER - UNDERGROUND INJECTION CONTROL

Question: What are you requesting for your Underground Injection Control Program in fiscal year 1983 vs. fiscal yaer 1982?

Answer: For the EPA regional program to support primacy State programs and to directly implement in non-primacy jurisdictions, $3,974,400 is being requested, a net increase of $767,700 from 1982.

For financial support to implement State UIC programs, $5,540,200 is being requested, a net decrease of $1,034,300 from 1982.

Question: What is your expected obligation rate for these years?

Answer: We expect similar obligation rates as during 1981, which was over 99%.

Question: How many States have assumed primacy--how many more do you expect will in fiscal year 1983?

Answer: Two States (Oklahoma and New Mexico) now have primacy for Class II well regulation, and one (Texas) has primacy for all non-oil and gas production activities. Formal agreement on delegating the remainder of the Texas program and the entire Louisiana program is imminent. We are currently reviewing 11 applications, and expect 40 States will be delegated primacy in fiscal year 1983.

DRINKING WATER - SMALL SYSTEMS

Question: The last sentence on page DW-22 of your budget justification indicates that part of the 1982 program will be to develop alternative approaches for dealing with management and cost problems of small systems. Last year, EPA indicated that an estimated $470,000,000 in additional capital expenditures in 1980 to 1983 might be required to comply with the National Interim Primary Drinking Water Regulations for communities under 2,500 people. Is that still an accurate cost estimate?

Answer: The above estimate of costs was EPA's best guess as of last year. It does not reflect the work EPA is currently undertaking to reduce the compliance costs for small water systems, however. This estimate is a projection of the cost for every system to come into total compliance.

Question: What actions has the Agency taken in the past years to attempt to reduce the cost for small communities to comply with the drinking water program?

Answer: EPA is preparing guidance to Regions and States to assist them in concentrating their efforts on persistent violators and those creating the more serious health problems. EPA is reviewing its policies and procedures for the granting of variances and exemptions from the standards with the purpose of accommodating those few systems which are clearly unable to comply. EPA also is reviewing its standards and monitoring requirements. While these efforts should result in substantially lower costs, we do not have dollar estimates of the savings.

In addition, EPA is conducting substantial research on how to increase the efficiency and thereby reduce the costs of water treatment systems, as well as examining package treatment systems and the appropriateness of point-of-use controls.

WATER QUALITY - MUNICIPAL WASTE TREATMENT MANAGEMENT

Question: Your fiscal year 1983 request for Waste Water Treatment Facilities Construction Management is $16,195,600 and 331.7 workyears.

This represents a reduction of 234.4 permanent workyears and $8,723,000 from the fiscal year 82 level. I realize that the Corps of Engineers has picked up some of the slack resulting from decreases in Agency personnel in this area and that the states, as they assume delegation under the construction grants program, are devoting more personnel and resources to this activity.

However, I would like some assurance as to how you intend to oversee this huge program with such a large reduction in staff.

Answer: We should first note that although there is a drop in EPA resources managing the construction grants program, the real reduction is 109.9 permanent workyears, not 234.4. In addition to the 331.7 permanent workyears shown under the Municipal Waste Treatment Facility Construction program element, our budget request includes 124.5 permanent workyears under the State Programs Management program element (out of 200.0 permanent workyears) for managing State-related construction grants activities such as delegation oversight and administration of the Interagency Agreement with the Corps of Engineers.

The total 1983 Municipal Waste Treatment Facility Construction resources, including State Programs Management, is 456.2 permanent workyears compared to the 566.1 in 1982. This 109.9 permanent workyear decrease is made possible by increasing State delegation--25 States will be fully delegated in 1983--and by simplified Federal requirements and reduced Federal oversight. We believe that the 456.2 workyears requested will allow us to manage an increasingly delegated program and to commit additional resources to addressing major program concerns such as eliminating backlogs; preventing waste, fraud, and abuse; and improving facility performance.

Question: You note that the states are expected to have 2,300 people committed to program management in fiscal year 1983--how does that compare to this year's level?

Answer: In fiscal year 1981, States provided a total of 1,960 workyears in administering the construction grants program. In fiscal year 1982, we anticipate a total of 2,200 workyears committed by the States.

Question: The Corps of Engineers agreement is addressed on page WQ-103. The following statement appears on that page: "The Corps of Engineers will also assist EPA in the prevention of waste, fraud, and abuse in the program through on-site presence of large facilities and construction management evaluations,..."

What evidence of waste, fraud, and abuse has the EPA and Corps of Engineers detected in recent years?

Answer: The Corps of Engineers assures that we get quality construction projects at reasonable costs. Accordingly, their involvement in the construction grants program tends to eliminate waste, and prevents fraud and abuse rather than necessarily detecting them. The Corps accomplishes these goals through their program for biddability and constructability reviews, change order reviews, interim and final inspections, and on-site presence at larger or problem projects.

A Corps study based on documented cases, conducted about one and one half years ago using actual case studies, indicated that the Corps had saved the government between $100 and $200 million of construction money up to that time. In another study,

the Corps found that they saved $2.8 dollars for every 1 dollar expended by the Corps. A recent study by the Corps on program savings indicated that their participation in the construction grants program saves the government between $120 and $252 million annually.

Our value engineering program has also eliminated waste. During the past five years, this program has reduced the construction costs of $5.2 billion in treatment facilities by $235 million or 4.5 percent.

A recent semi-annual report by the EPA Inspector General for the period of April 1, 1981, to September 30, 1981, indicates that overall the construction grant program has a good record. That report indicates that the Office of Inspector General issued 355 audit reports on the program through the six month period. In those reports, out of the $1.9 billion in costs audited, $115 million or approximately six percent was questioned. The semi-annual report further indicates that for audits resolved during the reporting period the Agency upheld 36.5 percent of costs originally questioned. That rate translates to about two percent of audited costs in the program having issues which are sustained by the Agency. Considering the complexity of the construction grant program and the large number of grantees and contractors involved, a cost error of only two percent is considered a good record.

Question: What management or program changes have been instituted as a result of these findings?

Answer: Modification has been made where corrections are necessary. We have also continued those things that have worked well. The Agency plans to continue its agreement with the Corps of Engineers to continue its biddability and constructability reviews, interim and final inspections, change order reviews, and on-site presence for large projects or problem projects. Further, one Region is considering having the Corps provide greater oversight of projects with known or potential problem contractors or Architects/Engineers.

Procedures for handling change orders have been included in Construction Grants 82, which is now in draft. This document will soon be available for guidance to grantees, their consultants, and contractors. Further, §35.2204 of the proposed revision of 40 CFR Part 35 will require among other things that the grantee must receive from the Regional Administrator a formal grant amendment before implementing changes which "Delay or accelerate the project schedule; or substantially alter the facilities plan, design drawings and specifications, or the location, size, capacity, or quality of any major part of the project."

Value engineering is now a statutory requirement and the revision of 40 CFR §35.2114 implements this requirement by requiring grantees to conduct value engineering if the total estimated cost of building the treatment works is more than $10 million.

The program of Construction Management Evaluations (CMEs) and Construction Operations Reviews (CORs), which provides for in-depth, on-site evaluation and review of individual grant projects, has been reinstituted.

Debarment and suspension regulations for EPA assistance programs, proposed in February 1982, will be issued in June 1982. This is designed to prevent contractors that have been found to be engaged in waste, fraud, or abuse from participating in the program.

Furthermore we have recently instituted joint program/Inspector General reviews to provide recommendations for improved management of the program.

WATER QUALITY - ENFORCEMENT

Question: Your request for Water Quality Enforcement is $13,357,900 or 22.6% below the fiscal year 1982 level. In fiscal year 1982 you expect that 2,200 compliance inspections would be performed and 720 administrative orders and notices of violation will be issued. What are the comparable figures for fiscal year 1983? What effect, if any, will this change in enforcement levels have on water quality?

Answer: About half of the apparent reduction in resources for this decision unit is attributable to the transfer of legal enforcement functions from the Office of Water to the Office of Legal and Enforcement Counsel. It does not represent a reduction in program level.

In fiscal year 1983, EPA expects to perform approximately 2,300 inspections and issue about 760 administrative orders and notices of violation. Additional, States will inspect 6,000 to 7,000 major facilities. The EPA/State program will ensure that all major facilities are inspected at least once anually. We should also note that delegated States have primary responsibility for ensuring compliance of permittees and where necessary initiate enforcement actions. EPA will issue Notice of Violation in those few instances where delegated States do not issue appropriate enforcement actions.

We expect a slight increase in the number of Federal inspections because we are increasing emphasis on compliance evaluation inspections relying on permittee-generated self-monitoring data. The success of our quality assurance program for self-monitoring data allows us greater confidence in the permittee's

monitoring and a decrease in the need for EPA to take and analyze effluent samples. While we will continue to conduct independent evaluations of effluent data in appropriate cases, the number of cases requiring this level of effort by EPA inspectors will be less than in past years.

Moreover, we have achieved a very high rate of compliance (about 96 percent) for industrial permittees. Municipal compliance rates, while not so high, are steadily improving. This means that the number of enforcement actions and follow-up inspections required should generally decline as the remaining instances of noncompliance are resolved.

WATER QUALITY - INNOVATIVE AND ALTERNATIVE TECHNOLOGY

Question: Apparently, a number of States have been having difficulties using their entire set-aside for innovative and alternative projects. Due to the late receipt of construction grant funding in 1982, do you believe this problem will be exacerbated?

Answer: There are two problems affecting use of innovative and alternative technology funds which are being exacerbated by late receipt of 1982 construction grant funds: 1) a number of States are not able to use remaining fiscal year 1981 Innovative/Alternative set-aside funds because they have no "regular" construction grant funds to cover the 75 percent Federal share of Innovative/Alternative projects which does not come from the set-aside funds; and 2) certain innovative technology projects can take longer to develop and review; the reduced time that fiscal year 1982 funds are available makes it difficult for some of these innovative technology projects to be approved in time.

Question: What is your position regarding a lowering of the I and A set-aside in 1983?

Answer: When providing input for the 1981 Clean Water Act Amendments, the Administration recommended that the I/A set-aside be discretionary. One of the principal reasons for this recommendation was that mandatory set-asides earmark large amounts of the overall construction grant allotment for I/A technology when the portion of the allotment which must be used for the basic 75 percent Federal share is taken into account. A 4 percent I/A set-aside translates to a total of 34 percent of a State's allotment of construction grant funds which must be used for I/A.

The 1981 Clean Water Act Amendments place increased emphasis on funding projects which have the greatest benefits in terms of water quality improvement and protection of public health. Such projects are not always the same projects where the use of I/A technology is most appropriate. Reducing the

I/A set-aside would give the States greater flexibility in managing the construction grants program to achieve the greatest water quality and public health benefits. An additional benefit is the a greater likelihood that those I/A projects which are funded will fully meet the intended objectives of the law.

Question: What about a limitation of the I and A set-aside in 1983--how would you feel about that?

Answer: A limitation on the mandatory I/A set-aside in 1983 would provide needed flexibility to the States in managing the construction grants program. As indicated above, not only would the States be better able to meet the water quality objectives of the CWA, but a more effective and beneficial I/A program could be realized.

CLEAN LAKES PROGRAM

Question: In fiscal year 82, the Congress added $9 million in the 1982 bill for the Section 314 clean lakes program. Has the Agency made available the clean lakes funding to the regional offices?

Answer: Yes, the Agency distributed the funds to the regional offices on March 1, 1982.

Question: Have any funds been obligated to date in 1982 under the program?

Answer: The $9 million Congressional appropriation will be allocated to 25 eligible projects. As of April 30, 1982, $7.8 million had been obligated to 21 projects.

Question: Will the $9 million be used only for implementation projects in 1982 rather than for new projects?

Answer: The 1982 Congressional appropriation for the Section 314 clean lakes program specified that only existing implementation projects would be eligible for funds. Consequently, the Agency is not funding any new projects in fiscal year 82.

Question: How many of the 32 eligible projects will be funded?

Answer: In 1981, the Agency made a preliminary estimate that 32 projects needed completion funding. The Congress appropriated $9 million for the Section 314 clean lakes program, and the agency established a deadline of February 15, 1982 for receipt of applications for completion funding. Twenty-five projects have met the criteria outlined by Congress. Of the 25 eligible projects, 18 projects listed in the 1981 preliminary estimate will receive awards from the Congressional appropriation in fiscal year 1982.

Question: Please provide a list, for the record, of the projects to be funded in fiscal year 82 and the amount of funds associated with each project.

Answer: Clean Lakes Projects to be Funded in fiscal year 82

STATE	Project Name	Funds Requested
CT	Bantam Lake	$239,792
CT	Lake Warramug	173,710
ME	Sebasticook Lake	36,800
ME	Salmon Lake	3,000
MA	Nutting Lake	250,000
MA	Lake Cochituate	945,000
MA	Lower Mystic Lake	50,000
NY	Delaware Park Lake	100,000
VA	Rivanna Reservoir	300,000
MD	Loch Raven	394,000
WI	Lake Marinuka	70,000
MI	Pontiac Lake	17,406
MI	Lake Lansing	229,071
IL	Lake Frank Halton	217,799
MN	Moore Lake	278,397
MN	Long Lake	304,000
OK	Ada City Lake	35,420
IA	Swan Lake	29,000
MT	Sacajawea	6,500
CA	Lake Tahoe, CA	1,119,289
NV	Lake Tahoe, NV	67,500
CA	Lake Gibralter	1,000,000
WA	Vancouver Lake	2,465,947
WA	Ballinger Lake	190,869
WA	Thurston County	476,500
	TOTAL	$9,000,000

CONSTRUCTION GRANTS - COMBINED SEWER OVERFLOW

Question: Section 5 of P.L. 97-117 amends Section 201(m) of the Federal Water Pollution Control Act by authorizing $200 million per year for Combined Sewer Overflow.

Why have you not requested any funds for this purpose during fiscal year 1983?

Answer: The Administration has made no commitment to request funding for municipal waste water treatment grants in excess of the $2.4 billion authorized in Section 207 of the 1981 Amendments.

Question: What major projects would be eligible for funding under Section 201(n)(2) and what would be the cost of each of these projects?

Answer: As part of the 1982 Needs Survey, EPA will produce a list of CSO control projects which may qualify under Section 201(n)(2). EPA would ensure, as a funding prerequisite, that the projects would result in attainment of shellfishing and recreational uses. The following preliminary list may be considered for funding:

Major Authority	Total Cost Estimate ($Millions)
Bridgeport, CT	$ 75
New Haven, CT	107
Providence, RI	155
New York, NY	325
District of Columbia	553
Philadelphia, PA	710
Richmond, VA	144
Seattle, WA	32

CONSTRUCTION GRANTS - PRIOR FUNDING HISTORY

Question: As you know in the past, there has been a large gap between the amount authorized for this program and the amount requested. In fact, over the last three years, $15 billion was authorized while only $12 billion was requested and furthermore, the amount made available was only $9.2 billion or approximately 61% of the authorized level. Many States have complained that this discrepancy has caused considerable problems in the planning of wastewater construction plants and has been generally disruptive to the entire national effort. Do you agree with that assessment?

Answer: The Administration has proposed that future authorization levels for the construction grants program be more realistically established so that they would be closer to potential budget requests. However, there is no way that we can guarantee that budget requests each year would be the same as authorizations made in the past. Our budget requests are a function of the economic conditions and national priorities prevailing each year.

Question: To what extent do you have a commitment from the Administration that they will support funding at the $2.4 billion level over the next several years?

Answer: It is impossible to make any kind of future commitment because of potentially changing economic conditions. However, it is this Administration's intent to request funding for the construction grants program targetted to cost-effective water pollution control efforts and economic realities.

Question: In this respect, I understand that OMB did not initially oppose the supplemental request -- is that correct?

Answer: Yes, that is correct.

Question: What assurances do you now have that this will not re-occur?

Answer: The initial fiscal year 1982 delay occurred because our request was contingent upon enactment of the new legislation for the construction grants program. Legislation was subsequently enacted and, therefore, the President is requesting a supplemental appropriation.

CONSTRUCTION GRANTS - COST EFFECTIVENESS

Question: What new procedures do you intend to use in order to implement Section 218, which deals with approving grants only if the proposal is deemed to be "cost-effective"?

Answer: EPA's draft procedures to implement Section 218 of the Clean Water Act regarding cost effectiveness will include the following:

1. No Step 3 grant will be awarded unless the potential grant applicant's facilities plan includes cost-effectiveness analysis of feasible conventional, innovative, and alternative wastewater treatment works, processes and techniques capable of meeting the applicable Federal, State, and local effluent and water quality requirements. A cost-effective analysis must include--

-- Evaluation of alternative flow reduction methods. (If the grantee demonstrates that the existing average daily base flow from the area is less than 70 gallons per capita per day, or the current population is under 10,000; or if the Regional Administrator determines the area has an effective existing flow reduction program, additional flow reduction evaluation is not required.)

-- Description of the relationship between the size and capacity of alternatives and the needs to be served, including capacity for future growth expected after the treatment works become operational.

-- Evaluation of improved effluent quality attainable by upgrading the operation and maintenance and efficiency of existing facilities, as an alternative or supplement to construction of new facilities.

-- An evaluation of the alternatives methods for the ultimate disposal of treated wastewater and sludge materials resulting from the treatment process.

-- Consideration of systems with revenue generating applications.

14-067 O - 83 - 47

-- Evaluation of opportunities to reduce the use of, or to recover energy.

-- Preliminary cost information on total capital costs, local financing, and annual or monthly operating and debt service costs, including estimated costs to domestic and industrial users.

2. Prior to a Step 3 grant award, the applicant shall conduct a value engineering review if the total estimated cost of building the treatment works is more than $10 million. The value engineering recommendations shall be implemented to the maximum extent determined feasible by the grantee. Rejection of any recommendation shall be on the basis of cost-effectiveness, reliability, extent of project delays, and other factors that may be critical to the treatment processes and the environmental impact of the project.

CONSTRUCTION GRANTS - MUNICIPAL COMPLIANCE & WATER QUALITY STANDARDS

Question: Section 21 of P.L. 97-117 amends Section 301(i) of the Federal Water Pollution Control Act by extending the date for uniform secondary treatment from July 1, 1983 to July 1, 1988.

How many municipalities are not now in compliance? Is it feasible to expect full compliance by 1988?

Answer: Our interpretation of the new Section 301(i) is that the extension to 1988 applies only to those municipalities which (1) have not already been granted a 301(i) extension or (2) are not presently under a schedule for completion pursuant to an administrative order or consent decree. The answer provided below responds to the question of how many treatment plants are expected to achieve secondary treatment or more stringent levels of treatment by 1988.

The 1980 Needs Survey indicated that 3,343 (22 percent) of the 15,250 existing municipal wastewater treatment plants, plants designed before the 1972 Amendments, were not designed to meet secondary or higher treatment levels.

Based on a Federal funding level of $2.4 billion annually for the construction grants program, it is estimated that 2,000 (13 percent) of these plants will not have secondary treatment facilities in place by 1988. If additional plants are constructed or upgraded with non-Federal funding, this number could be reduced. Implementation of the statutory changes to the secondary treatment definition, as well as additional changes to the secondary treatment regulation already underway in the Agency, will likely reduce this figure even further.

Furthermore, a number of plants which will have needed treatment facilities in place in 1988 may not be meeting their design standards because they are poorly operated and maintained, or are excessively overloaded. Presently, approximately 30 percent of all municipal treatment plants do not meet their design standards for these reasons. We expect this figure to be dramatically reduced by 1988, based on present trends resulting from improved operation and maintenance programs.

Question: The Act also requires the completion of a review, revision and adoption of new water quality standards in three years from the date of enactment or on December 29, 1984. How many jurisdictions now have revised plans and will the rest be able to meet the new deadline?

Answer: The amendments require that the States review their water quality standards and, if necessary, adopt revised or new water quality standards pursuant to Section 303(c) within three years. No grants may be made under Title II after December 29, 1984 to a recipient in the State, until the State's water quality standards are reviewed and revised, except where the State has submited revisions in good faith and the Administrator has failed to approve or disapprove them on time.

The Agency expects that all water quality standards for water affected by a project for which a construction grant is requested will be reviewed, revised, and adopted before the statutory deadline. The Agency's draft water quality standards regulation addresses this issue by suggesting that in the context of the triennial review of State water quality standards the States should assign "priority" waterbody status to stream segments where advanced treatment projects are being proposed. States are encouraged to review the attainability of designated uses, and revise those uses where circumstances warrant.

This policy is being reinforced in the draft water quality management regulation, which urges the States to pay much more attention to the attainability of stream uses and the need for additional controls if necessary. Both of these regulations are likely to be proposed in the Federal Register early this summer.

CONSTRUCTION GRANTS - INNOVATIVE AND ALTERNATIVE TECHNOLOGY

Question: The 1981 Amendments extend the set aside for innovative and alternative technology and maintain the Federal share at 85% through fiscal year 1985 after which time it will decrease to 75%.

How much of the I&A set aside has been used to date over the life of the program?

Answer: As of January, 1982, about $160 million, or 82% of the total $195 million set-aside has been obligated. However, some States and trust territories have had some difficulty in meeting the program objective.

Question: Has EPA attempted to determine the cost savings associated with the application of I&A technologies?

Answer: Some 1,000 I/A projects, including about 100 projects reaching startup, will provide cost savings and energy savings by recycling nutrients and water. The estimate of life cycle cost savings for the initial 3-year I/A program is about $900 million. These savings are realized through reductions in both capital costs and in operating costs. Reduced energy demands are a major factor in reducing operating costs.

Question: Would you expect the new provisions in the 1981 amendments to prevent the applications of such technologies?

Answer: There are no obvious aspects of the new provisions which would prevent application of I/A technologies. The I/A program is maturing and should continue to grow under the new provisions. Many States report an increasing number of projects planned for implementation.

CONSTRUCTION GRANTS - GRANTS FOR PLANNING

Question: Section 201 was amended by adding a new subsection (1) proving that up to 10% of a State's funds can be used as advanced funding to jurisdictions to assist them in preparing plans and estimates for construction projects.

Does EPA intend to issue regulations as to the eligible activities that can be funded with these "pass through" funds?

Answer: No. The allowance is not intended to reimburse the grantee for costs actually incurred. Rather, the allowance is intended to assist in defraying the cost of services and will be based on a percent of total construction cost determined from historical information.

Question: How much do you believe will be available to local jurisdictions as a result of this pass through provision?

Answer: On the average, 7-10% of total construction costs will be available to local jurisdictions.

Question: Section 9 of the Act amends Section 203(a) by doubling the amount (from $4 million to $8 million) available for combined Step 2 and 3 grants (design and construction). These funds are available for communities with less than 25,000 population.

What effect will this higher limit have on small communities -- what was the problem with the lower limit?

Answer: Small communities which were previously prohibited from taking advantage of the "combined grant" because of the dollar size of their project can now qualify for a Step 2 + Step 3 grant. Only these small communities which receive a "combined grant" are assured of "Step 3 funding" before they initiate design work.

While we have not developed a firm estimate, we believe the number of Step 2 + Step 3 grants may increase by about 20 percent. (A total of 1,020 Step 2 + Step 3 grants in the total amount of $953 million have been awarded since the passage of the 1977 Amendments, which introduced the concept of "combined grants.")

The change was originated by the Senate in its version of the bill (S 1760). In proposing the change, the Senate recognized the rising cost of construction, but eliminated the higher threshold limits for "high cost States." As under the previous legislation, the "combined grant" is available only to small communities -- those with population of 25,000 or less.

CONSTRUCTION GRANTS - CAPITAL FINANCING PLANS

Question: Section 6 of the bill adds a new provision (Section 201(o)) dealing with capital financing plans. The proviso directs the EPA Administrator to encourage and assist grant applicants to develop and submit a financing plan covering at least the next 10 years.

What will you specifically do to assist jurisdictions in preparing their capital financing plans?

Answer: We will issue policy statement on total financial capability of grantee communities. In addition, program guidance will be published together with new construction grant regulations in April of 1982 which will include a section on capital financing plans. These plans will also be discussed as part of a nationwide series of workshops to be held on demonstration of financial capability for States and EPA regional staff tentatively scheduled for May-June, 1982.

Question: What resources are you prepared to commit to this effort?

Answer: The grant applicant will be encouraged to prepare a capital financing plan as an integral part of its facility plans. The proposed regulations require each applicant to demonstrate financial capability to ensure adequate construction and operation and maintenance of the treatment works before award of the

Step 3 grant. The resources for the capital financing portion of the guidance and workshops discussed above will total about 30 work-days.

Question: What schedule have you established for the submission of these plans?

Answer: Applicants will be encouraged to submit capital financing plans as part of their Step 3 grant request.

CONSTRUCTION GRANTS - ADVANCED WASTEWATER TREATMENT PLANTS

Question: How do you intend to review advanced wastewater treatment applications under the new law?

Answer: An advanced treatment (AT) Task Force headed by Office of Water Program Operations (OWPO) is established to review AT projects with incremental AT costs over $3 million. In addition to OWPO personnel, the Offices of Water Regulations and Standards, General Counsel, Policy and Resources Management, Congressional Liaison, and Water Enforcement and Permits are represented on the Task Force. Twenty-five people are involved in the AT reviews at Headquarters in 1982. Included in this total are 10 work-years specifically for AT reviews in OWPO. The AT Task Force also has contractor support to assist in the review; $355,000 has been committed to this contract for fiscal year 1982. The EPA Regional Offices and delegated States review AT projects with incremental AT costs less than $3 million.

The following criteria are used for approval of AT projects:

- Scientific data, information and analyses document the impairment of a designated use existing or resulting from a project.

- A reasonable relationship has been scientifically established between the impairment of a designated use and pollutant loadings.

- The additional reduction of pollutant loadings resulting from construction and proper operation of the AT facility will make a substantial contribution toward the restoration of the designated use.

- The costs of AT are not excessive in relation to benefits.

We will continue to stress the desirability of early submission of water quality analyses which support proposed AT projects. This will greatly expedite the final review and implementation of projects, particularly those which will be formally submitted to EPA for the first time when they are ready for construction.

CONSTRUCTION GRANTS - GRANDFATHERING

Question: Various sections of the 1981 amendments provide funding for projects that are currently in the works that would not otherwise be funded at these levels.

Has EPA done an analysis to determine the cost of "grandfathering" these projects as proposed in the authorizing legislation?

Answer: Under provisions of the authorizing legislation, capacity will be limited to existing residential and industrial flows beginning October 1, 1984. Also beginning that date, the Federal share of construction costs will be reduced from 75 percent to 55 percent. "Grandfathering" provisions will allow projects that received a Step 3 construction grant for a portion of the needed facilities before October 1, 1984 to receive 75 percent Federal funding and full planned reserve capacity for remaining portions.

The Agency is currently performing a comprehensive analysis of our phased and segmented projects and the impact of the "grandfathering" provisions of the new amendments. We are looking at the estimated timing of all projects planned for funding through 1984 to see which projects would be eligible for 75% funding and reserve capacity beyond October 1, 1984. We expect to have the results of this analysis in about two months.

CONSTRUCTION GRANTS - EARMARKINGS

Question: Various sections of the Act (Section 4, Section 16 and Section 27) earmark funds for specific State projects.

Did the Administration originally support these earmarkings?

Answer: The Administration offered no support for project earmarking.

Question: In one case, the Act specifies that funds be allocated for the New York Convention Center facilities above and beyond the amount made available to the State of New York under its regular allotment.

How does EPA intend to implement this provision and how much will it cost to fully fund this project?

Answer: The funding for wastewater conveyance facilities for the New York Convention Center has been estimated at $3.1 million by the State and City of New York. EPA review of the detailed cost elements has determined a total cost of $2.8 million to be more appropriate. If permitted by the Appropriations Act,

EPA will fund this project from fiscal year 1982 funds, as specified in the Amendments, at the $2.8 million level pending expected agreement with the State, City and EPA. This amount would be subtracted from the fiscal year 1982 appropriation before the remainder of fiscal year 1982 funds are allotted to the States.

CONSTRUCTION GRANTS - RETROACTIVE CHANGES

Question: Over the past several years, the Congress has been concerned about the changes that EPA has mandated in construction projects that were already underway. These changes have caused considerable delay in many of these projects and have increased costs to Federal and local governments. You note in your opening statement that EPA will issue guidance documents to implement the new regulations on a periodic basis. You further note that these guidance documents will not be applied retroactively.

Could you please expand on the meaning of this for the record and could you also indicate what EPA intends to do to minimize the number of change orders that are required during construction?

Answer: In addition to simplified and streamlined regulations containing only those requirements of law and for prudent fiscal management of the program, EPA plans to issue guidance documents that will contain good practices for municipalities to follow in managing their projects. These guidance documents will not be regulations in disguise. That is, they will not be mandatory. Municipalities may use their own procedures that are consistent with the law and the regulations.

Except for where required by law, EPA will not apply regulations retroactively to grants awarded before such regulations are issued. Since guidance is not mandatory, it can be followed or not followed by the municipality regardless of the date furnished, and retroactivity concerning guidance is not an issue.

EPA and the States attempt to plan for a project comprehensively at the beginning. Project changes are necessary, however, when the circumstances upon which the project was based have changed enough to invalidate the alternative selected to resolve the community's wastewater treatment problems. Examples are (1) populations haven't grown as expected and the plant will be oversized and costly to the users to operate, (2) high energy consumption technology is planned which the community can't afford, (3) water quality standards upon which a project is based have changed. EPA and the State involved would be remiss if they knowingly approved such projects. Therefore, project changes are necessary under certain circumstances.

Change orders are changes made by the contractor at the direction of the municipality during the construction of the project. They deal with such things as changes in materials,

amounts and time on the construction contract and are a necessary part of the contractual relationship between the contractor and the grantee in order to avoid disputes and litigation every time changes to the basic contract occurs.

CONSTRUCTION GRANTS - COST SAVINGS

Question: In your opening statement you note that P.L. 97-117 is expected to reduce the long term Federal commitment by 60% or $54 billion.

Could you please detail the specific amount that you estimate will be saved under each of the reform provisions contained in the 1981 construction grants bill?

Answer: The reforms enacted under P.L. 97-117 contained a number of provisions that will reduce the Federal cost of wastewater treatment from approximately $90 billion to $36 billion. These provisions include limitations on eligible categories, reduced Federal share, and limited reserve capacity beginning October 1, 1984. A revised definition of secondary treatment and a demonstration of water quality benefits for combined sewer overflow correction projects will also result in reduced costs. Because of the combined effect of these provisions, it is not possible to estimate dollar savings for each specific provision. However, cost savings for eligible categories as a whole can be estimated based on the 1980 Needs Survey.

Comparison of Eligible Costs and
Federal Share for Categories of Need*
Under Clean Water Act of 1977 and P.L. 97-117

	P.L. 97-117 ($ in billions)		1977 Act ($ in billions)	
	Eligible Costs	Federal Costs	Eligible Costs	Federal Costs
Categories 1, 2, 4B Backlog	$28.9	$17.2	$30.6	$22.9
Categories 1, 2, 4B Reserve	13.0	8.1	25.2	18.9
Category 3A	2.5	1.4	2.5	1.9
Categories 3B & 4A	11.6	6.6	24.4	18.3
Category 5	5.0	3.0	37.2	27.9
TOTAL	$61.0	$36.3	$119.9	$89.9

* Category 1: Secondary Treatment; 2-Advanced Secondary/Advanced Wastewater Treatment; 3A-Infiltration/Inflow; 3B-Major Rehabilitation of Sewers; 4A-New Collectors; 4B New Interceptors; 5-Combined Sewer Overflow.

CONSTRUCTION GRANTS - COURT ORDER COMPLIANCE

Question: Currently there are about 25 communities under Federal court order to achieve compliance with effluent guidelines by specific dates.

Answer: There are currently 20 communities under Federal Court Order to achieve compliance by specific dates. We estimate that several times that number of communities are under court orders other than Federal to achieve compliance.

Question: Given the fact the amount requested, $2.4 billion, is significantly less than the $3.8 billion requested in 1980 and the $3.7 billion requested in 1981, what if anything does EPA intend to do in order to allocate funds in such a manner as to maximize the likelihood of meeting these court order compliance date?

Answer: Regardless of the appropriation in the past, Regions and States have always put a high priority on funding court order projects. No deviation from that priority is expected with the reduced appropriation expected in fiscal year 1982.

Question: What effect, if any, would you expect Section 26 to have on consent decrees?

Answer: We do not expect that Section 26 (dealing with judicial notice) will have any significant impact. There are a very limited number of Federal consent decrees and historically high funding priorities for meeting the terms of the decrees. If Federal funding limits are relevant to compliance schedules, we do not believe that Section 26 will make these limits either more or less relevant to consideration by the courts.

WATER QUALITY - WASTEWATER TRAINING

Question: Last year, the Congress added nearly $4 million for Manpower Planning and Training. I notice on page WQ-59 that the Agency used the $1,478,000 in the salaries and expenses account to "pay the severance costs associated with the elimination of the program." As Chairman Boland indicated during your House hearings, it was the intent of Congress that these funds be used for training activities -- not termination costs.

How many people within the EPA were devoted to water quality manpower and training in 1981?

Answer: In fiscal year 1981, a total of 31.8 workyears, including 22.2 permanent workyears, was devoted to water quality manpower and training.

Question: How many personnel are currently associated with the program?

Answer: No positions for this program were allocated for fiscal year 1982 and no employees are currently associated with the program. The limited work involved with awarding the extramural training funds appropriated by Congress is being handled within the Construction Grants program. Of the $1,478,000 in the salaries and expenses account for fiscal year 1982, $145,000 has been used for severance costs; the balance is being held in reserve.

Question: How much have you included in your fiscal year 1983 budget for this purpose?

Answer: Our fiscal year 1983 budget requests no funds for this program.

Question: How do you justify the lack of funding for this program given the fact the majority of treatment plants are not being operated up to standard and that your Deputy Administrator stated on February 10, before this Committee, that additional funding in this area would be of great value?

Answer: Over the years, EPA has funded a variety of programs to help train treatment plant operators. In addition to direct training, they have included programs which we believe will have long-term effects such as curriculum development, support for developing certification processes, and the National Instructional Resource Center, which functions as a resource center for materials and information needed to develop training programs. Projects that were funded in 1981 were selected in terms of their having continuing impacts in future years. The 1982 Congressional add-on funds ($2,625,000 in Abatement Control and Compliance) will be provided primarily to States to help provide essential over-the-shoulder help to facilities operators. As Dr. Hernandez noted, the most effective way to train these operators is through that continuing on-site help provided by the States and during the first year of operation by the engineering contractors. We have helped establish an effective State training capability over the past several years and are encouraging States to target Section 205(g) funds to training activities. We believe that the States, in conjunction with the engineering contractors, are now able to meet essential training needs.

Question: Please provide for the record the number of workyears and dollars necessary to maintain the program at the fiscal year 1981 level in terms of number of trainees.

Answer: In fiscal year 1981, EPA expended $1,134,600 in intramural funds for staff requirements at the National Training and Operational Technology Center (NTOTC) in Cincinnati, Ohio and in Regional Offices. This includes a total of 31.8 workyears with 22.4 permanent positions. We allocated $2,044,700 for extramural activities.

EPA has been moving steadily away from direct training for years; EPA no longer uses number of trainees as a criterion for the funding of these programs. Most of the training funds were used in curriculum and material development and to support program efforts which would move training programs towards more State and local self-sufficiency.

Question: You also state that EPA intends to develop a cooperative agreement with a national organization to provide a site-specific training in order to improve performance. Has this agreement been negotiated?

Answer: Yes. Negotiations are underway with a composite group which includes the National Development Water Project (NDWP), the American Clean Water Association (ACWA), and the National Environmental Training Association (NETA) with NDWP taking the lead to cover operator training in six States designated by EPA Headquarters. The grant will amount to $625,000 of the $2.625 million available.

Question: At how many sites will training be given?

Answer: Under the grant to the NDWP approximately 40 small publicly owned treatment works (POTWs) constructed with P.L. 92-500 funds will receive site-specific, over-the-shoulder training to attempt moving the facility from non-compliance to compliance.

$1.5 million of the Congressional add-on funds will be granted to 20 Official State Training Centers which were funded under Section 109(b) of the Clean Water Act. Each of these Centers will receive $75,000 over a two-year period to fund an itinerant on-site trainer to train in small POTWs which do not comply with their permits. This effort will concentrate on Federally funded facilities. We estimate 200 facilities will receive training under this portion of the program.

Each Regional Administrator will receive $50,000 to fund a similar activity in a State or States in his/her Region not covered by the State Training Center Grants or the NDWP Grant. We estimate that 30 plants will receive training through this $500,000 effort.

Question: Do you have any plans to continue this activity in fiscal year 1983?

Answer: The Agency has not requested funds for this activity in its 1983 Budget Reguest.

DRINKING WATER - ACTIVITIES OF THE NATIONAL RURAL WATER ASSOCIATION

Question: No funds have been requested in 1983 for Special Studies and Demonstrations under your Drinking Water - Abatement and Control Program. Last year, I recommended adding $323,000 to the March budget estimate of $1,500,000. These additional funds are being used to support the National Rural Water Association. The justifications indicate on page DW-38 that these programs will have become self-supporting in 1983. That strikes me as a self-fulfilling prophecy.

What evidence do you have these programs will be self-sustaining in 1983?

Answer: State Rural Water Associations have initiated programs to provide alternative sources of funds through State legislatures and membership dues from rural water systems. Funds received from these sources have been used to strengthen and expand the present training and technical assistance program.

Question: How many workshops do you expect will be conducted in fiscal year 1982?

Answer: There will be over 360 workshops conducted throughout the 31 States in 1982 which will provide training for over 10,000 water operators. In addition over 7,500 water systems will receive on-site technical assistance.

Question: Especially in light of the high cost for small communities to comply with the national interim primary drinking water program, couldn't one or two million dollars for special studies go a long way in assisting small communities?

Answer: Federal financial support was provided under the presumption that it only serve to get the NRWA program started; EPA was never obliged to provide a permanent financial base. The sponsored State Associations have attracted a range of other funding sources for their efforts, so it is not unreasonable to expect the program to achieve eventual self-sufficiency. Furthermore, Federal Public Water Supply grants may be used by States to provide training and technical assistance to small systems.

Question: With the end of Federal support under this program how many workshops will be held in fiscal year 1983?

Answer: We cannot provide an accurate estimate of the number of workshops to be held.

DRINKING WATER - REGULATIONS

Question: Recently the GAO issued a report which concluded that "over 146,000 violations for either failing to test or for

not meeting the drinking water quality standards were recorded against 28,000 of the 65,000 community water systems in this country."

What is the Agency doing about this rather dismal performance?

Answer: Attention has focused on the findings that there were 146,000 violations of drinking water regulations by 28,000 systems in fiscal year 1980. GAO characterized the States' performance as "lacking."

While GAO's figures are correct and were provided by EPA, their interpretation is misleading. In the vast majority of cases, these violations reflect an occasional failure to take a required sample for bacteriological testing in a small system. While such violations should be discouraged, they do not show that the water is unsafe. Our own analysis of the data shows that

- About 10% of the systems violated the maximum contaminant level (MCL) for bacteria at some time in fiscal year 1980, of which about one-third were persistent (and hence of greater significance).

- About 30% of the systems violated the bacteriological monitoring requirements at some time in fiscal year 1980, of which about half were persistent.

- Most of these violations were in very small systems serving fewer than 500 people.

Because of the large factor of safety in our bacteriological standards, there are probably few cases of actual illness in systems which occasionally violated the MCL. However, there were about 11,000 confirmed cases of waterborne illness in 1978 and probably many more that were not reported.

Reaching the very small public water systems has always been difficult, because of the kinds of reasons cited in the GAO Report. Before the passage of the Safe Drinking Water Act in 1974, most States did not even cover these systems. Now almost all of them are doing at least some monitoring. Thus, very significant progress has been made.

The only recommendation for action in the report is that EPA develop guidelines for State enforcement strategies. This has been underway for some time and EPA has been discussing draft guidelines with the State program managers. The GAO staff is aware of this joint EPA/State effort.

Question: How will the Agency's policy for compliance of small public drinking water supply systems assist in reducing the number of recorded violations?

Answer: EPA's forthcoming guidance will provide a plan by which States and EPA can better focus on persistent violators and violations posing the serious public health problems. At the same time, those few systems which are legitimately unable to comply will benefit from a forthcoming policy for consistent application of variances and exemptions.

Question: Do you agree that EPA should develop and implement specific guidelines that the States can use in developing enforcement strategies?

Answer: Yes, and we are in the process of formulating just such guidelines. These will not be so specific as to dictate policies to the States, but will provide for judgment on specific circumstances in a consistent manner.

Question: Do you think that the Agency has adequate resources in its 1983 enforcement request to oversee the States compliance activities?

Answer: One of GAO's findings was that State supervision and enforcement of water systems were inadequate. The chief cause of this, in GAO's opinion, was inadequate State resources. This is a factor that a larger Federal enforcement apparatus will not remedy. The current request for drinking water enforcement provides for sufficient oversight of State enforcement activities.

SUPPORT FOR CEQ AND OTHER GOVERNMENT ACTIVITIES

Question: How much staff time and materials do you expect to dedicate to the support of CEQ during fiscal year 1983 and how does this relate to your fiscal year 1982 level?

Answer: Two people have been detailed to the Council on Environmental Quality for parts of fiscal year 1982 and a similar investment is possible in 1983. We do fund a number of Interagency Agreements for projects being conducted by CEQ which are of interest to EPA. Consistent with the Economy Act, EPA funds other IAGs supporting interagency projects coordinated and funded through CEQ. An example of the latter is the Chemical Substances Information Network (CSIN). In fiscal year 1982, EPA's contribution to the interagency effort was $527,000. Our fiscal year 1983 contribution is anticipated to be $450,000.

Question: How much staff time and materials do you expect to dedicate for the functions of the U.S. Regulatory Council, including the Vice President's Task Force on Regulatory Reform?

Answer: EPA will use 1 work month to review and update the entries for the Regulatory Calendar = 1 work month/year Agency-wide.

We have requested $550,000 and 5.0 permanent workyears for the Regulatory Information Service Center, which was known as the U. S. Regulatory Council in 1982. The Center will compile and tabulate information provided by other Federal agencies concerning their regulatory efforts.

EPA is fully committed to the review of existing regulations as well as new regulations in conformance with E.O. 12291. In support of the Vice President's Task Force on Regulatory Reform, EPA is proceeding with Regulatory Reform in the 8 major areas identified below:

Resource Conservation Recovery Act	5 workyears
Pretreatment	3 workyears
Consolidated Permits	5 workyears
Automobiles	7 workyears
Lead Phasedown	none in fiscal year 1983
Pesticide Registration	6 workyears
Premanufacturing Notice	4 workyears
Best Conventional Technology	2 workyears
TOTAL	32 workyears

We estimate that 32 workyears will be committed to Regulatory Reform in these areas based on our current progress to date.

INNOVATIVE AIR POLLUTION CONTROL TECHNIQUES

Question: What additional steps has EPA taken since October 1, 1981, to promote the bubble and other innovative regulatory techniques?

Answer: EPA developed and announced on April 7, 1982, an Emissions Trading Policy, which replaces the old bubble and reduces or removes many constraints which, experience has shown, were not needed to protect environmental values; integrates the bubble with other trading steps (offsets, nettings, and emission reduction banking); and expands opportunities to use trades to meet public health requirements quickly and easily under many more circumstances.

The Agency authorized States, which adopt "generic rules", to approve most individual bubble and other trades without overlapping or duplicative Federal review.

Through accelerated trading, EPA will save industry over $1 billion from bubble trades alone by the end of this year. In a report entitled "A Market Approach to Air Pollution Control Could Reduce Compliance Costs Without Jeopardizing Clean Air Goals" (PAD-82-15) dated March 23, 1982, the General Accounting Office estimated that "tens of billions" of dollars could be saved in the next several years with no adverse air quality effects.

The Agency is developing model rules and other technical assistance to help States that wish to implement expanded, streamlined trading quickly and easily.

We are exploring in detail the possibilities of extending this regulatory reform success story to other media, such as a water bubble for steel. EPA is developing innovative enforcement approaches, such as allowing environmental auditors from responsible firms to self-certify continuous compliance under approved procedures instead of relying on a once-a-year Government inspection.

EVALUATING THE BENEFITS OF REGULATION

Question: EPA, like other health related agencies, has concentrated a lot of effort on identifying and quantifying the costs of various regulatory proposals. Much less effort has been devoted to assessing the benefits. Knowing the benefit size of the equation is essential to choose regulatory strategies between classes of pollutants, between types of sources and between geographic areas.

To rationally select a policy, we need to know what we buy when we select one pollutant to regulate over another, one level of pollution control over another, one source to regulate rather than another, and one geographic area for implementation over another.

What progress have you made on the benefits side since I asked you last year?

Answer: In the past year, we have made substantial progress in evaluating the benefits of environmental regulations. For example, projects have been completed or are now underway to measure the benefits of alternative control levels for suspended particulates, diesel particulates, effluent guidelines for iron and steel manufacturers, and water quality standards. Preliminary work is in progress to estimate the value of protecting groundwater and to estimate the benefits of well-managed hazardous landfills, acid rain control, and additional information collected under the Toxic Substances Control Act. Most important, we have moved beyond benefits analysis as an experimental effort by incorporating requirements for benefit-cost assessment in the draft Regulatory Impact Analysis (RIA) Guidelines. These Guidelines describe the Agency's approach for responding to Executive Order 12291.

Question: What are some of the remaining problems that still need to be resolved?

Answer: Within the next year, there are a number of problems that remain to be resolved. In addition to continued work on some of the projects described above, we expect to initiate benefits analyses for regulatory options with respect to ozone, effluent guidelines for organic chemical manufacturers, disposal of hazardous wastes, and the extent of remedy at Superfund sites. More generally, the benefits of the effluent guidelines program as a whole will be examined, as will be the evaluation of different types of health risk reduction.

Question: How close are you to developing a sound cost/benefit description of each of the pollution regulations now on the books?

Answer: Although EPA began analyzing regulatory benefits ahead of most other government agencies, this is still a relatively new effort. Most of our efforts have been directed to

14-067 O - 83 - 48

developing methodologies to measure environmental benefits (Office of Research and Development) or to estimate benefits for proposed regulations (Office of Policy and Resource Management). Thus, "a sound cost/benefit description" exists for relatively few "of the pollution regulations now on the books." In fairness, it should be mentioned that most of the laws that comprise EPA's mandate do not call for benefit-cost comparisons, and some do not allow such comparisons to be a factor in selecting the level of control. However, as EPA moves ahead with the RIAs required for all major regulations, a larger portion of the rules will have "a sound cost/benefit description."

Question: What about the development of cost/benefit comparisons with at least one alternative control strategy?

Answer: RIAs require benefit-cost comparisons of alternative control strategies. The iron and steel effluent guidelines RIA is the first one that has been completed since the President's Executive Order. Such work is expected to accelerate now that the Agency has a better understanding of OMB's expectations to meet the Order's requirements. However, the Agency has traditionally examined the cost-effectiveness of alternative control strategies.

Question: Have you developed a priority list of those regulations, based on their costs, that need to be reviewed in this manner and compared to alternate strategies?

Answer: All major rules, which are defined by OMB in terms of their costs or other significant impacts, must have RIAs before they are proposed officially. Based on these considerations and the regulatory schedule for upcoming rules, the Agency sets priorities for conducting benefit-cost analyses of a regulatory option and its alternatives.

MANAGEMENT AND SUPPORT

Question: Your request for Management and Support is for $230,274,000 for an increase of $9,216,000. This is the net effect of a $3,025,000 decrease in management and a $12,241,000 increase in Support Services.

Could you please indicate how you expect to achieve these savings in management?

Answer: The bulk of the reduction in the management component is salaries and expense funds associated with a decreasing workyear requirement. In our administrative area, our budget proposal indicates that we have been able to achieve substantial workyear savings through introducing new and more efficient ways of providing services, eliminating duplicative activities, streamlining our administrative procedures, and further automating some tasks.

Further, as the Agency's overall workyear level decreases, the administrative workload declines. The management and administrative reduction reflects this decline.

Question: Why are you requesting a 12% increase for Support?

Answer: The support accounts provide for agencywide costs such as rent, utilities, telephone, mail, data processing, and building and office services. Our request reflects reduced service requirements where appropriate, as well as efforts to contain costs. However, these are more than offset by cost increases. For example, in the area of rental costs, we plan to reduce our space holdings in the regions and at headquarters. GSA has informed us already that without these space reductions, our rental costs would have increased by over 20%. However, even with the space reductions, the total rental costs will increase by over $4 million. Similarly, telephone costs will increase by 12% even after allowing for the reduction in service requirements because of reduced employment levels and other cost reduction efforts we are making in this area. The same is true for utilities, mail costs and many of the other office and building services. The fact of the matter is that while we can and are introducing measures to contain and reduce costs, EPA is not immune from cost increases and this account is most sensitive to that factor.

ADP PROCUREMENT

Question: What is your request for ADP Procurement and how does this compare to the fiscal year 1982 level?

Answer: We have not requested any funds in our fiscal year 1983 budget for a major ADP system acquisition and there are no funds in our fiscal year 1982 operating plan for this purpose.

Question: Do you believe that EPA has the current ADP Resources necessary to effectively and efficiently handle the increased requirements under the Resource Recovery and Conservation Act and the Superfund?

Answer: Yes. We have recently taken several steps to improve the efficiency of our data center and thereby reduce the cost of current data processing requirements. For example, we have eliminated unnecessary on-line storage, redesigned our telecommunications systems and introduced more efficient operating systems and hardware. We expect that these savings will allow for the increased requirements under the Resource Recovery and Conservation Act and Superfund. Any increase in capacity necessary for these programs will be funded from within our request.

Question: What was your request to OMB for this purpose?

Answer: We did not request any funds from OMB for systems acquisition.

Question: How much do you intend to devote to Software development in fiscal year 1982 and fiscal year 1983?

Answer: Our fiscal year 1982 Operating Plan contains $3,780,000 for software development and programming. We requested $4,831,000 for this activity in fiscal year 1983. The increase in funds requested for systems development results mainly from our continued need for expanded systems to collect and track data for the Superfund program. The balance will be used primarily to maintain current software and improve the usefulness of existing data bases by developing more efficient and more user friendly retrieval software.

MANAGEMENT OF WORD PROCESSING EQUIPMENT

Question: In August 1981, GSA issued a report on EPA Word Processing Management. The report concludes, among other things, that between $2 million and $4 million are wasted annually because of inadequate word processing management. What are you doing about this situation?

Answer: The Agency has taken a number of steps based both on GSA's report and our own assessment of word processing at EPA. First, we have completed a detailed inventory of all word processing equipment and software. Second, we are in the process of establishing a standard source for all EPA word processing equipment both to ensure compatible equipment and to take advantage of our purchasing power to obtain better prices. Third, we are in the process of issuing more detailed guidelines for the deployment and use of word processing equipment and, in early

fiscal year 1983, we will begin training word processing operators and users in more cost-effective methods of word processor use. Finally, we have substantially tightened the review and approval process for new equipment purchases.

It is worth mentioning that EPA has a fundamental disagreement with GSA concerning the appropriate standards to be applied in assessing the use of word processing equipment. The GSA draft report criticizes EPA's use of word processing equipment on the grounds that we have not adhered to the National Archives and Record Service (NARS) standards that are based principally on the number of hours a machine is used and which require the keeping of detailed operator logs.

GSA concluded, based on hours of use for a sample of word processors at EPA headquarters, that our equipment is underutilized. Our own assessment of word processing equipment and an extensive review of word processing management strategies in both government and private industry suggest that merely measuring hours of use or lines of typing and keeping detailed operator logs is not a particulary cost-effective approach to managing word processors.

A single word processing terminal typically costs on the order of $5,000 (plus perhaps $2,000 more for peripheral equipment which is shared by two or more work stations). If you amortize this equipment over its useful life of three or more years, you find that the Agency is spending something on the order of $2,000 per year. This seems to be a reasonable investment for a device which substantially increases the productivity of clerical staff who, in turn, cost the Agency somewhere between $15,000 and $20,000 a year in direct salary and benefit costs (perhaps double that if you count full overhead). Equally important, word processors greatly improve the productivity of the professional staff they support. Our own assessment of word processor management at EPA concluded that the NARS criticism applies only to a relatively few high-volume production typing situations and that our real deficiencies lie elsewhere.

We believe that we can justifiably be criticized for failing to exploit fully the "value added" features of word processing technology -- to communicate between work stations, to automate records management and other administrative functions, and to perform and store calculations. Late in fiscal year 1981, we began a program intended both to increase our ability to capitalize on the "value added" features of word processing technology, and to improve the productivity of this equipment. This program includes:

- Award of a standard word processing equipment contract so that all word processors will be compatible. This will both permit more equipment sharing and easy communications between word processing stations.

- Standard operator training programs.

- Models for word processor deployment and use, based on a survey of the best examples found in government and industry.

- On-site audits of major word processor installations to determine the action needed both to improve efficiency and to achieve better use of the technology.

We have begun to organize our word processing operations to more cost-effectively support those Agency programs that have high-volume typing requirements. We feel that our approach to word processor management is much more likely to improve the productivity, not only of the relatively low cost clerical employees who operate the word processors, but also that of the professional managerial staff who depend on word processors and telecommunications to perform their jobs. We believe that this is a far more intelligent and cost effective approach to managing word processor technology than merely accounting for utilization and burdening our clerical staff with extensive recordkeeping requirements.

Question: The report concludes that EPA should declare a moratorium on the acquisition of word processing equipment. Do you have any funds in your fiscal year 1983 Budget for acquisition of more equipment?

Answer: Yes, we do. We believe that by fiscal year 1983 we will have adequately addressed the concerns, and begun to implement corrective measures described above. We plan to continue updating and expanding our use of word processing technology which we believe is far more cost-effective than relying on more labor intensive alternatives.

OFFICE OF CONGRESSIONAL LIAISON

Question: You are requesting a total of $959,000 and 23.4 permanent workyears for the Office of Congressional Liaison. This represents a 31% increase in funds and a 41% increase in permanent work years. You note that this request is based on the "hightened emphasis the Administrator places on this Office's responsibilities." Could you please explain this statement?

Answer: On July 1, 1981, EPA's former Office of Legislation was divided into two offices: Legislation and Congressional Liaison. The Administrator felt that this division was necessary so that the Director of OCL could devote full time and energy to maintaining good relations between Congress and the Agency. In September 1981, a reorganization plan was drafted for OCL which would achieve these goals. It called for a reordering of internal alignments within the Office under which each staff member would be responsible for dealing only with specified Congressmen and Committees but across all program areas.

The new structure for OCL necessarily called for a larger staff than the old one, and our 1983 request took this in mind.

There is a limit to the number of Congressmen and Committees which each OCL staff member can effectively serve. As you know, we also requested reprogramming authority to bring OCL up to the envisioned 1983 level in 1982. Since the time when the 1983 request was developed, however, the Appropriations Committees have turned down this reprogramming request.

Question: Please provide, for the record, a list of all meetings that the Office's Director has had with Congressional staff since his appointment.

Answer: The Director of OCL does not keep a formal record of his telephone conversations or personal meetings with Congressmen or their staffs. Most of this contact is by telephone. These conversations are frequent, though usually impromptu, and the Director feels quite comfortable conducting business in this way. In a similar way, his personal meetings with legislators or their staffs also are not usually planned for far in advance. Oftentimes, for example, the Director will meet briefly with Congressmen or their aides while accompanying the Administrator or other Agency officials when they testify before the Congress.

The Director prefers to delegate most of the day-to-day work of Congressional relations to his professional staff, while devoting his own time to managing the office, setting its priorities, and working on particular issues of special concern (e.g., recent confirmation hearings of the Inspector General and Assistant Administrators).

PESTICIDES AND TOXIC SUBSTANCES -- PEER REVIEW

Question: What efforts are you undertaking to establish a peer review system for your Pesticides and Toxic Substances programs?

Answer: A peer review system has been implemented for both the pesticides and toxic substances programs. The pesticides peer review system also meets the requirement of the 1980 amendment to section 25 of the Federal Insecticide, Fungicide and Rodenticide Act.

The major elements of the pesticides and toxic substances peer review system include:

- Designation of studies or papers requiring peer review. Certain regulatory proposals will be identified for Science Advisory Board review for the toxic substances program and the Science Advisory Panel for the pesticides program. Regulatory proposals selected for SAB review are exempt from additional peer review. In some instances peer review is used after the development of the scientific study protocol but before the study is initiated.

- Scientific review by the two designated peers. The author incorporates acceptable changes. Major areas of disagreement are identified by the author in a memorandum.

- Administrative review by the Office of Pesticides and Toxic Substances supervisory chain, including the Directors of the Office of Toxic Substances and the Office of Pesticides Programs.

- Review by the science and policy staff of the Assistant Administrator for Pesticides and Toxic Substances and the Assistant Administrator.

- Scientific review by the SAB or SAP for items so designated.

TOXIC STRATEGY

Question: During fiscal year 1982, a total of $5 million was requested for the strategy. The purpose of the review was to reexamine the toxic substance activities throughout the Agency with a view of providing better integration and organization in the future. What is the current status of the toxics strategy?

Answer: In fiscal year 1981, the Toxics Integration Project drafted an initial strategy for providing better integration and organization of Agency toxic-related activities. It focused on ways to set regulatory priorities for toxics across all programs, defining management strategies for balancing health and environmental benefits against cummulative costs of control.

This year, fiscal year 1982, the Agency has broadened the effort to include all types of pollution, not just toxic chemicals, and has renamed the effort the "Program Integration Project." We are completing design of the new, more comprehensive approach by building on and completing last year's work. Fiscal year 1983 will be the first year of full implementation of the completed strategies.

Question: What resources are being devoted to the stragegy in 1982?

Answer: The current budget for the Program Integration Project is $2.5 million and 17.1 workyears.

Question: Has the Agency requested anything for the toxics strategy in 1983?

Answer: Fiscal year 1983's budget request is $3.67 million and 21 workyears.

TOXIC SUBSTANCES - FORMALDEHYDE AND DEHP

Question: In February you decided that formaldehyde and DEHP were not priority chemicals under section 4(f) of the Toxic Substances Control Act (TSCA). What was the basis of this decision?

Answer: With respect to formaldehyde, the Office of Pesticides and Toxic Substances (OPTS) believes that because of the nature of the toxicological data and the unreliability of the exposure data, EPA cannot support a conclusion that formaldehyde poses a significant risk of serious or widespread harm in the United States population at this time. For DEHP, the original analysis included inaccurate exposure estimates which led to inflated estimates of occupational risk. OPTS asserts that corrected estimates eliminate the basis on which DEHP could reasonably be judged to pose a significant risk to humans.

Question: Is this decision final or are you continuing to review the scientific evidence and if so, when will you review your decision?

Answer: The decision that formaldehyde and DEHP are not appropriate chemicals for 4(f) is final. However, we will continue to review the scientific evidence on both of these chemicals and would initiate action under TSCA should the evidence support such action. We are planning to fund a study with the National Center for Toxicological Research in which they will review existing and newly developed data to assess the exposure and effects of formaldehyde.

TOXIC SUBSTANCES - NEW PCB PROCESS

Question: A sodium reagent-based process for destroying polychlorinated biphenyls (PCBs) has obtained limited approval from the Environmental Protection Agency, according to the developers of the process, Accurex Waste Technologies, Mountain View, California. The process unit can be brought to where spills occur, and the process itself uses an inert nitrogen atmosphere and ambient temperature to curb formation of harmful by-products. In tests conducted last fall, the batch process reduced PCBs from a 1,000 parts per million (ppm) level to less than 2 ppm without producing any chlorodibenzodioxins or chlorodibenzofurans. What is the potential and application for this process?

Answer: This process is a chemical destruction system for PCBs found in contaminated transformers and other oils. It is one of three chemical PCB destruction methods to receive a commercial use approval from EPA. This system has demonstrated an ability to treat oils containing as high as 1062 ppms PCB. The treated oil cannot be reused because of its high water content.

Question: What limitations have been placed on this process?

Answer: As a PCB disposal system, Accurex needs approval from the Regional Administrator for any Region in which they operate. Accurex has applied for approval in all ten EPA Regions; approval has been granted in 50% of the Regions (i.e. Regions I, III, V, VII, VIII, and X). These approvals limit the use of this system to mineral oil dielectric fluid from transformers. In addition, the approvals granted by Regions III and V limit the PCB concentration in the incoming oil to 1062 ppm, the highest concentration used in the company's demonstration.

TOXIC SUBSTANCES - ASBESTOS-IN-SCHOOLS

Question: In 1982 the Agency intends to issue a rule requiring identification and notification of asbestos in schools. How many school inspections were actually performed by Agency personnel in 1981?

Answer: In 1980, we evaluated 1800 school buildings. In 1981, we evaluated 1600 school buildings. In the first year following promulgation of the rule, we have scheduled 95 compliance inspections of school districts, which will cover over 2000 school buildings, to support the asbestos-in-schools rule.

Question: What is the Agency's overall intention concerning asbestos in schools?

Answer: The Agency is continuing to operate the Technical Assistance Program (TAP). TAP provides guidance to school districts and other building owners to identify asbestos and take corrective actions when necessary. The Agency is committed to developing guidance to help schools identify asbestos and select appropriate measures to control or remove it. We have already made available some guidance in this area.

Question: What is the regulation likely to require?

Answer: The regulation will require public and private elementary and secondary United States schools to identify and analyze friable asbestos-containing building materials; maintain records and notify employees of the location of the friable materials which contain asbestos; provide employees with instructions on reducing exposures to asbestos; and notify Parent Teacher Associations if friable asbestos is found.

For schools that were determined to contain no friable asbestos-containing materials prior to the effective date of this rule, school officials need only certify these results and retain the certification statement in their files.

Question: Do you have any cost estimate to remove or contain asbestos in schools?

Answer: EPA's best estimate is that 14,000 schools contain friable asbestos-containing materials. The purpose of the Identification and Notification Rule is to refine this number and to better determine the volume of asbestos present in schools. The Office of Toxic Substances is managing a Technical Assistance Program to provide assistance to schools for them to determine whether removal is appropriate. In many cases, proper management is more appropriate than removal. Removal costs are estimated at $5/sq. ft., and encapsulation costs are estimated to be $3/sq. ft., with containment costs ranging in between (depending upon materials used). In some cases the situation does not present a hazard and no costs will be incurred.

TOXIC SUBSTANCES ENFORCEMENT

Question: Your request for Toxic Substances Enforcement shows a total decrease of $1,345,100 from the fiscal year 1982 level. Your justification states that this decrease reflects a reorganization and the concentration of all compliance monitoring activities in the Regions.

Could you explain how these changes to the program will affect your enforcement activities?

Answer: The bulk of the enforcement reduction is taken from the headquarters unit. Factors in the change include: 1) movement of all legal activities to the Office of Legal and Enforcement Counsel; 2) reduction of headquarters oversight of Regional activities; 3) elimination of compliance monitoring activities by headquarters personnel; and, 4) elimination of grants oversight and management resources both at headquarters and in the Regions.

Even though there will be reductions in the number of compliance monitoring inspections, the effectiveness of these inspections will increase through enhanced targeting. For example, the Agency is currently evaluating the PCB compliance program to determine, among other things, which categories of PCB handlers and users have been inspected, the relative proportion of inspections to each category, and the incidence of noncompliance within categories and nationwide. The results of this evaluation will be used to adjust the current compliance strategy and to make other changes in policy or procedures, as necessary. Compliance strategies for other TSCA rules will be adjusted similarly to concentrate resources where the risks posed by noncompliance indicate the most need.

Another factor that accounts for a lowering of compliance monitoring activities is a shift of ten Regional work years to compliance assistance. These resources will be utilized to provide information and technical assistance to the regulated community to obtain more voluntary compliance. This initiative, particularly as it impacts industry associations, should forestall the need for some compliance and enforcement activities.

Overall, since these reductions mainly affect the headquarters oversight activities, they should not materially curtail the Toxic Substances Enforcement Program.

Question: Supply work load data for fiscal year 1981, fiscal year 1982 and fiscal year 1983.

Answer: Workload data is attached.

TOXIC SUBSTANCES CONTROL ACT (TSCA) INSPECTION ACTIVITIES

TSCA Sections	Fiscal Year 1981	Fiscal Year 1982*	Fiscal Year 1983*
§4	----	180	125
§5	10	318	265
§6	1079	1095	875
§8	5	125	100
§12	----	20	15
§13	2	280	200

*Estimate

FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT (FIFRA) PERMITTING

Question: In a February 17 article in the Pesticide and Toxic Chemical News industry spokesmen were quoted as suggesting ways to speed up Section 5 FIFRA permitting. In particular, these individuals recommended:

More frequent use of multi-year permits, and two-year permits, limited in scope the first year, expanded the second year based on additional technical data; have the Registration Division deal with more permits administratively, particularly those featuring crop destruction, non-crop or no detectable residue; and assignment of personnel to exclusively process permit applications.

Could you please comment on these suggestions and indicate what if anything, EPA is doing to implement them?

Answer: These suggestions came as a result of a series of meetings sponsored by the Agency to solicit ideas from the industry, State agencies, and other interested parties on ways to improve efficiency and effectiveness of the process. There have been a total of 6 meetings over the past 3 months, during which time exchanges of ideas have been presented. We are in the

process of finalizing a report on the section 5 meetings and the participating parties will be reviewing the draft report. Specific recommendations will be made for implementing the suggestions that the Agency agrees would provide for improvements to the process. We expect these to be made available to the industry for comment, after which the Agency will make decisions on implementation.

Over the past few years we have encouraged the industry to submit requests for multi-year permits. However, there are circumstances involving marketing and planning strategies in the industry that have prevented wide scale use of this method of operation.

We have already begun to look for ways of dealing with more permits administratively, and have, in fact, dealt with renewals in this manner to a large extent. We will be looking at ideas coming out of our meetings with an eye toward increasing this practice particularly with regard to those permits featuring crop-destruction, non-crop, or no detectable residues.

Regarding the assignment of personnel exclusively to process experimental use permits, our current policy that the most efficient use of our existing personnel is to make them available for use in the total program. The experimental use permit program is a part of the total registration process, and, as such, must be looked at within the context of the total program. We will continue to review the ideas presented by industry and other interested parties in an effort to ensure that we are achieving maximum utilization of our personnel.

PESTICIDE REGISTRATION

Question: In describing the output of your pesticide registration program, your justification shows a decrease in reviews of new chemicals, reviews of new products containing already registered chemicals and amended registrations. You attribute this decrease from fiscal year 1982 to "Streamlining the application process and the elimination of the existing backlog".

Could you please expand on the actions you have taken in these areas?

Answer: Actions taken in fiscal year 82 to streamline the registration review process and reduce backlogs include the following:

1. procedures to use international documentation (i.e., World Health Organization-Food and Agriculture Organization pesticide monographs) to assess petitions for tolerance were put into effect in the Fall of 1981;

2. refined registration standards process to improve the support to the registration process will be in place by July 1, 1982;

3. increased efficiency of the on-line tracking system used by the product managers by adding high speed equipment in early April 1982;

4. elimination of the final printed label review cycle before registration; and

5. work with the pesticide trade association in a series of meetings completed in mid-April to encourage better submissions that can be more quickly and easily reviewed by Agency personnel and result in fewer submissions.

Question: In fiscal year 1982 you expected to review 185 new chemicals. In fiscal year 1983, you estimate 130. Does the difference mean that you will be creating a backlog?

Answer: No. The fiscal year 1982 review of 185 new chemicals is actually 150 new chemical reviews and 35 new biological reviews. The term "reviews" is not synonymous with the number of new chemicals or biologicals being reviewed, but rather with the number of reviews being performed on submissions and resubmissions of products containing new active ingredients. The 185 reviews cited above include the elimination of the backlog in addition to the expected receipt of new applications in fiscal year 1982. No backlog is expected in fiscal year 1983. Furthermore, improved negotiations with, and guidance to, registrants is expected to reduce the number of resubmissions by improving their completeness.

Question: How many applications for new chemical reviews do you expect to receive in fiscal year 1982 and fiscal year 1983?

Answer: Decisions are made on applications and revisions to applications. Each decision is counted as a review action. It is expected that in fiscal year 1982, 110-120 reviews on new chemicals and 25 reviews on new biologicals will be completed. The other 45 reviews for fiscal year 1982 will eliminate backlogs from fiscal year 1981. In fiscal year 1983 it is expected that 100 reviews on new chemicals and 30 reviews on new biologicals will be completed. No backlog will result.

Question: Please describe, for the record, the distinction between "draft labels" and "final labels".

Answer: Draft labeling is a typescript copy or mockup of the label for Agency review purposes. Final printed labeling is that labeling that will ultimately actually appear on the pesticide when in channels of trade. For Agency review, EPA accepts as final printed labeling an actual printed label, or an exact facsimile with colors and type sizes marked, or a printer's proof.

Question: How many draft labels would you expect to approve in fiscal year 82 and fiscal year 83?

Answer: Since the regulations to allow the Agency to accept draft labeling instead of final labeling are not yet effective, final printed labels will be required for some time. In fiscal year 1983, it is expected that 100 percent of approved labels will be accepted on the draft label basis. In fiscal year 1982, it is expected that approximately 1,000 registrations will be approved with draft labels for new chemicals, new biologicals, new products containing registered chemicals and amendments (excluding supplementals for which no labels are submitted). For the same types of registration, it is expected that in fiscal year 1983 approximately 4,400 registrations will be granted based on draft labeling.

Question: How long will the average draft label be permitted to remain in effect before it must be converted to a final label?

Answer: Under the current system, both draft and final printed labels must be approved before the product may be shipped in commerce. The Agency is contemplating revising its regulations so that the registrant may ship the product after approval of the draft labeling. Based on the draft label, and any revisions required by EPA, the registrant could prepare a final label and ship using that label. A copy would be required to be submitted within 60 days after draft label approval.

PESTICIDE - REAUTHORIZATION

Question: Your pesticide program is not yet authorized for 1982 or 1983. I understand that bills which have been introduced have been somewhat controversial, especially regarding the release of health and safety information prepared by pesticide companies to the public.

Does the Administration have an official position concerning the release of health and safety data?

Answer: The Administration has formulated a position dealing with the proposed health and safety data amendments to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). While the Administration understands and sympathizes with the concern of the pesticide industry to protect valuable data from possible unscrupulous exploitation, we believe that this concern should be balanced with the public's right of access to health and safety data used in reaching regulatory decisions regarding pesticides. Such access should be adequate to support the credibility of the pesticide program and to reinforce public confidence in the soundness of pesticide regulatory actions. Compromise language to Section 10 of FIFRA has been worked out by EPA which should meet the needs of both industry and the public.

PESTICIDES STANDARDS DEVELOPMENT

Question: Page P-34 indicates that the EPA will rely to a greater extent on industry involvement in the pesticide standards development process. The industry will prepare bibliographies, summaries of company submitted studies, and even develop draft standards.

What review will the Agency undertake of this industry supplied material involvement?

Answer: Several pilot standards are underway to evaluate the potential for industry involvement. Two of these standards involve new chemicals: one with Dupont, and one with Rhone-Poulenc. Three concern currently registered chemicals: one each with Dow, Eli Lilly, and Velsicol.

With the exception of the Velsicol pilot, the registrant is preparing all the raw materials to support the review, including development of the data (relevant studies) and use profiles. They are also reviewing the data, preparing summaries, and proposing regulatory positions. In the Velsicol case, Velsicol is preparing only the relevant bibliography and the use profile; the Agency is doing the science review and developing the regulatory position.

In each of these cases, there is a support team composed of Agency regulatory managers, scientists, and use experts who will review the raw materials as well as the regulatory positions developed by the companies. Studies will be reviewed in as much detail as necessary to assure the Agency that the summaries prepared by the companies are accurate. The documents will be subjected to the same management review as documents prepared in-house.

One of the objectives of these pilots is to determine whether the resources expended by the Agency can be reduced by involving the registrants more heavily in the process. The Agency will be evaluating each stage of industry involvement to assess whether selected involvement will save resources, whereas full involvement would not. If we determine that it takes more time for us to review certain stages in the development of a registration standard than it would be to do the work ourselves while maintaining the same level of confidence in the product, then we will not adopt those aspects of registrant involvement in our regular procedures for future reviews.

DISPOSAL OF SILVEX

Question: What is the current status of the Silvex diposal project?

Answer: All solid Silvex has been disposed of. The liquid Silvex decanning contract was awarded in late fiscal year 1981. The incineration-at-sea contract will be awarded this year.

Question: Has all solid Silvex been properly disposed of now?

Answer: Yes. Disposal has been made of 38,295,000 pounds.

Question: What is the cost of the Silvex disposal in 1982?

Answer: The 1982 cost is estimated at $1,300,000 of which $1 million is for the actual disposal and $300 thousand is for monitoring.

Question: Will 1982 be the final year for Silvex disposal?

Answer: Since the decanning phase of the liquid disposal will last from June to September of 1982, the actual incineration is expected to occur in early fiscal year 1983.

Question: What will be the total cost for Silvex disposal and how does it compare to the original estimates given to this committee in fiscal year 81?

Answer: The Agency expects the total cost to EPA to be about $5.1 million ($2.7 million for solid Silvex disposal and $2.4 million for liquid Silvex disposal). The Agency's original estimate of total cost was $4.0 million. In March 1981 the Agency estimated the total cost to be closer to $5.6 million.

CHILD RESISTANT PACKAGING

Question: On March 3, 1981 you published a clarification of your policy on child resistant packaging of pesticides in the Federal Register.

What is the current status of this policy?

Answer: The March 3, 1981 publication was a non-regulatory method of clarifying the Agency policy on child resistant packaging regulations issued in 1979 under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). The 1981 policy statements are now being incorporated into revised regulations which are expected to be published in the Federal Register by September 30, 1982, as proposed regulations.

14-067 O - 83 - 49

TRAINING PROGRAMS

Question: Please provide a list of EPA training grants and programs and the funds availbale for each of these programs in fiscal year 80, 81, 82, and fiscal year 83.

Answer:

	Fiscal Year 80 Budget Authority	Fiscal Year 81 Budget Authority	Fiscal Year 82 Budget Authority	Fiscal Year 83 Request
		(Thousands)		
ACADEMIC TRAINING GRANTS:				
Air	$ 480.0	$ 320.0	$ 250.0	0
Water Quality	405.0	270.0	169.0	0
Drinking Water	350.0	233.0	169.0	0
Solid Waste (RCRA)	90.0	60.0	122.0	0
Interdisciplinary	175.0	117.0	200.0	0
Noise	0	0	40.0	0
TOTAL-ACADEMIC TRAINING	$1,500.0	$1,000.0	$1,000.0	0
OTHER TRAINING PROGRAMS:				
National Rural Water Association Grant Training	$1,400.0	$1,500.0	$1,800.0	0
Drinking Water Training	0	188.4	211.7	0
Waste Treatment Manpower Training	2,411.8	2,744.7	2,625.0	0
RCRA Permits Training	0	23.4	24.7	0
Pesticides Training Grants	1,366.0	1,355.0	1,138.0	900.0
EPA Professional Training	665.8	226.9	423.3	502.3
TOTAL OTHER TRAINING	$5,733.1	$5,904.7	$6,022.2	$1,402.3
TOTAL-TRAINING PROGRAMS	$7,223.1	$6,904.7	$7,022.2	$1,402.3

ACADEMIC GRANTS

Question: I understand that the National Science Foundation has developed an in-house analysis of Federal agency research budgets. A most disturbing finding in the EPA portion was that your successful university research grants program is in a phase-out mode. The NSF analysis indicates that your fiscal year 1983 budget request reduces competitive university research grants by 43%.

What is the fiscal year 1982 and 1983 level for these programs?

Answer: EPA maintains its commitment to this component of our long-term research program, which is not in a "phase-out mode". It is clearly stated on page I-15 of our Congressional Budget Submission section for Intermedia Programs/Research and Development, which provides management and overview of our grants program, that the Agency will continue the Competitive Grants Program in fiscal year 1983.

The Office of Research and Development's Competitive Grants Program is funded at $16 million in 1982 and $10 million in 1983. Therefore, the fiscal year 1983 figures represent a reduction of roughly 38% over fiscal year 1982 for research grants.

Question: What types of programs will not be conducted in fiscal year 1983?

Answer: Due to the nature of the grants program, it is difficult to identify specific projects which would not be funded under the fiscal year 1983 proposal. We expect to award grants in each of the general research areas outlined by our existing peer review panels, yet not all proposals found meritorious will be able to be funded, as has always been the case. In general, the proposed level of funding, which is in line with overall reductions in our extramural program, will allow the grants program to continue support to the most appropriate and highest priority areas identified by the Agency's research and regulatory program offices.

WATER QUALITY - ENVIRONMENTAL ENGINEERING AND TECHNOLOGY

Question: On page WQ-39 of your justification you note that your current emphasis is on evaluating novel wastewater treatment concepts and processes in order to reduce municipal operating costs. In particular you state that land treatment can be a "particularly effective procedure" for treating wastewater. This process utilizes the treatment wastes as plant nutrients and the water to irrigate cover crops.

Do you believe that land treatment holds considerable promise for reducing costs and the production of solids?

Answer: Land treatment is a cost-effective wastewater treatment technology. In general, rapid infiltration is the least expensive followed by overland flow and slow rate. Each of these technologies has inherent design characteristics which dictate the conditions under which it can be most effectively employed. Similarly, each produces a different quality effluent.

The research and development program in land treatment is, therefore, directed toward defining the limits of operation of these technologies and refining the design and operational criteria so that the design engineers and State and local officials can more intelligently utilize these technologies under actual field conditions. Properly applied land treatment can be utilized at less cost than conventional treatment systems. Cost-effectiveness at a given site depends primarily on the population served, flow rate, land availability and characteristics and climate. Operational experience has shown that properly designed and operated land treatment systems will dramatically reduce solids generation as compared to conventional systems and in some cases totally eliminate them.

Question: How much have you included in your fiscal year 1983 budget for land treatment and how does this compare to your fiscal year 1982 level?

Answer: In fiscal year 1983 the land treatment program budget will be $928,000 and in fiscal year 1982 the budget is $934,000.

HEALTH EFFECTS INSTITUTE

Question: The Health Effects Institute is a non-profit, non-governmental research establishment created within the past two years. In fiscal year 1981 the Environmental Protection Agency provided a grant of approximately $1 million to the Institute. Both the House and Senate report accompanying the 1982 appropriation bill indicated that the Agency was expected to provide $3 million to the Institute in 1982.

How do you assess the effectiveness of the Institute to date?

Answer: We do not, as yet, have any way to assess the effectiveness of the Institute. To date, the Institute consists of an office, a governing board, and a research committee, which is in the process of developing a research proposal which will be acceptable to both its industry and government sponsors.

Question: What products, if any, has the Institute produced so far?

Answer: The Institute has not yet awarded any research grants.

Question: What financial support has the Agency provided to the Institute thus far in 1982?

Answer: Thus far, we have not provided any support to the Institute in 1982 because we have not yet reached agreement on the research program the Institute will conduct. The Institute's preliminary set of research proposals is currently under review by EPA and industry respresentatives.

Question: What is the Agency's total expected contribution to the Institute in 1982?

Answer: Because no research program yet exists, it is impossible for us to predict at this time how much government support will be provided to the Institute this year. We have authority to reprogram up to $3 million if we indeed judge it to be necessary.

Question: What does the 1983 estimate include for the Health Effects Institute?

Answer: The budget request does not contain funds specifically earmarked for the Institute since we have not yet agreed on a research program for 1983 with HEI.

Question: When will the Institute be self-sufficient?

Answer: We have no idea.

SUPPORT FOR THE NATIONAL CENTER FOR TOXICOLOGICAL RESEARCH

Question: In the past you have supported the National Center for Toxicological Research. The 1982 estimate has been reduced from $4.5 million to $1,823,000. As the justifications indicate on page TS-33, a $2,676,000 reduction was applied against this activity as part of the September budget reduction. The decrease amounted to nearly 60% of the original program estimate for the Center.

Why did the Agency decide to reduce funding for the Center by such a significant amount?

Answer: The Center concentrates its efforts in conducting long-term, low-dose bioassay testing. Long-term bioassay work is not a major part of the Agency research program. Therefore, the National Center for Toxicological Research (NCTR) support in this area is not a high funding priority. Reducing resources for NCTR permits concentrating Agency resources on shorter term research which more directly supports the Agency's need. Additionally, Agency laboratory research does not at this time and has not in the past focused on long-term bioassays. This work is primarily done by the National Toxicology Program (NTP) and the National Institute for Environmental Health Sciences.

At the time when the NCTR was first conceived and organized, there was a need for EPA to provide a major share in core funding for the Center. Recognizing the importance of establishing a facility to initiate studies of low-dose and of a dose versus effects curve, EPA contributed core funding beginning in 1972 and has maintained this level of funding with a moderate increase to the present time. The NCTR program has reached maturity and much of its program now falls within the mission and resources of the National Toxicology Program. It is appropriate for major NCTR resources now to come from the National Toxicology Program which is more closely focused with the NCTR mission.

Question: What will be the effect on the Center's operation in 1982 because of the reduced funding?

Answer: The placing of additional National Toxicology Program studies at the National Center for Toxicological Research (NCTR) could easily replace lost Agency support. Additionally, in the future, as in the past, NCTR research support for the Agency will be individually negotiated as special needs arise.

Question: Your 1983 request for the Center is $910,000. What additional loss of capability do you believe this reduced request will entail?

Answer: We believe that the Administration's current policy to provide more cost effective research and more efficient application of National Toxiocology Program resources will minimize any loss of capability.

ACID RAIN

Question: The acid rain program is receiving increased attention government-wide. The President's budget indicates that total acid rain funding will increase by 20% in 1983 to a total of $22.2 million.

For the record, provide the Agency 1981, 1982 and 1983 acid rain resources.

Answer: Agency resources devoted to acid rain will increase by 74 percent between 1981 and 1983. For 1981, 1982 and 1983 these resources are as follows:

Fiscal Year 1981	$6.9 million
Fiscal Year 1982	$9.0 million
Fiscal Year 1983	$12.0 million

Question: How much is the Canadian Government spending on acid rain research during these years?

Answer: The Canadian Federal Government budgeted approximately $14 million for the fiscal year which began April 1, 1981 and ended March 31, 1982. This fiscal year they have already budgeted $12.5 million, and expect to budget an additional $5 million for a total of $17.5 million. It should be mentioned, however, that Canadian research efforts on acid rain include such areas as control technology and effects on animals. These areas are considered either in EPA's base program or those of other agencies involved in related programmatic areas. Consequently, it is difficult to obtain a true comparison of research endeavors conducted by the United States and Canada.

Question: The Canadians maintain that, based on their modeling studies, the United States transmits to Canada about 75% of the sulfur dioxide and nitrogen oxide emissions, which they believe form acid rain.

Has EPA research been able to verify how much of the total acid rain deposition which falls in North America is derived from Canadian and from American sources?

Answer: No, neither the United States nor the Canadian models are capable today of establishing a precise relationship between emission sources and deposition receptors. Research sponsored by EPA and others has used several analysis methods to attribute sulfur and nitrogen oxide emissions to source areas. The mass budget approach uses existing data, averaged over approximately large time and space scales to examine the fluxes of these emissions over large regions. The important findings of these studies for eastern North America are that the three removal mechanisms - dry deposition, wet deposition and outflow are of comparable magnitude. Approximately 60 to 70% of the sulfur emitted in eastern North America is deposited on the continental land mass before the air moves off to the east over the Atlantic Ocean.

The simulation models represent the most sophisticated method of estimating air concentrations and depositions of pollutants. Most currently available models contain many simplifying assumptions. These assumptions may result in relationships between sources and receptors which are not very precise and thus are probably inadequate for evaluating how much of the Canadian deposition comes from American sources. Extensive research is going on to improve the models and to develop data bases for validating them. Adequate validated models are expected in fiscal year 1985.

Question: What additional R&D needs to be done in this area - what are the specific questions that remain to be answered?

Answer: The first important question which needs to be answered by atmospheric processes research is "Which emissions need to be controlled to reduce acid deposition?" In order to answer this question, the following research areas need to be addressed:

- the relative rates of dry to wet deposition need to be unequivocally demonstrated.

- the sulfate formation pathway is most likely through oxidation of dissolved H_2O_2 in rain droplets. However, the evidence is weak and more studies are needed.

- the H_2O_2 concentration in the atmosphere is virtually unknown due to the lack of reliable sampling and analysis methodology.

- a validated phenomenological model is needed which can incorporate detailed classical and physical atmospheric processes.

The second important question is "How important are local sources of SO_2 and NO_x in causing acid deposition?" Sufficient models now exist to study this problem. However, they need to be validated with data from specifically conducted field studies and then used to answer this question.

The last important question is "Can models predict what sources affect what regions?" To date, no data bases are available which permit the validation of the air parcel trajectories which existing models calculate. Field studies are needed using several different types of tracers and using remote sensing to develop trajectory data bases for model validation.

CONTRACT WITH NIBS

Question: Last year, the Subcommittee instructed you in Senate Report 97-163 to contract with the National Institute of Building Sciences (NIBS) for a study of indoor air quality as it relates to construction design.

What is the status of these agreements with NIBS?

Answer: An agreement has been made between NIBS and EPA representatives to have NIBS supply expert advice and review of the EPA work plan for indoor air research.

TRAINING OFFICE

Question: What plans do you have in fiscal year 1983 for identifying a centralized Environmental Training Office which is widely advertised and available for contact and assistance in the development of a competent Environmental Work Force?

Answer: Coordinating environmental training programs is the responsibility of the National Environmental Workforce Development Staff. The Workforce program activities have been incorporated into the Exploratory Research Core Program in the fiscal year 1983 budget request. No specific resources have been requested. Workforce related activities will continue in fiscal year 1983.

SYNTHETIC FUELS R&D

Question: Your budget justification indicates that you will be putting less emphasis on your synfuels program.

How much do you intend to devote to this program in fiscal year 1982 and fiscal year 1983?

Answer: In the fiscal year 1982 synfuels program we intend to devote $13.2 million, and the fiscal year 1983 request for the synfuels program is $6.4 million.

Question: What prompted you to request a decrease in fiscal year 1983?

Answer: Several reasons influenced our decision to decrease synfuels research efforts in fiscal year 1983. First, we have already invested a significant amount of resources in synfuels research. Between fiscal years 1975 and 1982, EPA will have invested approximately $59 million in synthetic fuels research. We have gathered data characterizing emissions/effluents/solid wastes, and evaluated associated control technologies as to their performance and costs for a variety of laboratory, bench scale and pilot plants, both foreign and domestic, as well as from several foreign commercial size plants. In support of our integrated risk analysis program, we have developed data bases and methodologies for health, environmental and exposure assessments for emerging energy technologies. We are also developing a technical monitoring manual on both source and ambient monitoring for coal and oil shale conversion plants.

Second, several products, assisting both industry, the Regions and States, will have been produced by year's end. These include technical manuals for 4 oil shale and 5 coal conversion pilot processes which provide information on pollutants, waste streams and control technology alternatives. We have also developed a generic site model for use in energy-related risk analysis which assesses the sources, pathways, exposure and risk resulting from multimedia emissions from synfuel plants.

Third, the pace of the synfuel industry has slowed considerably. The stabilization of imported oil prices, high interest rates and evolving technology processes have slowed considerably the original pace at which the synfuels industry was to mature. The recent closing of Exxon's Colony oil shale project represents a case in point. Because of these factors, we believe that a

very limited number of commercial synfuels plants will be operating before 1990, and that the research required to determine environmentally acceptable levels of pollutants cannot be answered until the synfuels industry develops further. We also believe that the technical manuals being completed in fiscal year 1982 will address the control technologies and waste streams associated with a large percentage of these processes.

Fourth, we believe that our proposed budget of $6.4 million in fiscal year 1983 for synthetic fuels research is consistent with environmental, industry and research needs. With these resources, we will continue to assess alternative control technologies, but greater emphasis will be placed on producing new or upgraded human health assessments as well as environmental risk analyses for different synfuel processes. Similarly, we will continue to emphasize technical assistance to the Regions and States in evaluating environmental impact statements and permit applications for synfuel plants.

Finally, we believe that our research efforts are comparable to industry advances in this area and that the synfuels industry has both the capability and resources in many instances to develop needed control technologies once the nature of the environmental problem has been identified.

Question: What was the Agency's request to the Office of Management and Budget for the Synthetic Fuels Program in 1983?

Answer: EPA's Research and Development request for this program to the Office of Management and Budget was approximately $6.1 million.

HAZARDOUS WASTE - INCINERATION

Question: During 1981, the Agency tested the effectiveness of incineration of chemical waste on the VULCANUS incineration ship. Press reports indicated that the burns of highly toxic materials -- including PCB's -- were successful, destroying up to 99.99% of the wastes.

Is that assessment accurate?

Answer: Preliminary analysis of the data collected aboard VULCANUS during the trial burn of wastes containing PCB's indicate that the destruction efficiency reported in the press, e.g. 99.99%, is an accurate assessment.

Question: What was the cost to the Agency of the VULCANUS burns?

Answer: The cost for EPA personnel to review permit applications, monitor transfer of the waste from trucks to the ship, establish a trial burn protocol and supervise the sampling aboard the VULCANUS was approximately $50,000. Contractors performed the actual sampling and analysis at a cost of about $60,000 for a total Agency expenditure of about $110,000.

Question: Has the Agency completely evaluated the results of these burns yet?

Answer: The analysis of all samples collected and an overall analysis of all data collected has not been completed and the final destruction efficiency is not yet available.

Question: Does this appear to be economically viable and an environmentally sound way to dispose of hazardous materials?

Answer: A final decision on the environmental advantages of at-sea incineration cannot be made until the data are fully analyzed. Preliminary assessments have indicated that VULCANUS incineration will be an acceptable disposal method if properly performed. The economic viability will have to be evaluated on a case-by-case basis.

Question: Is there any interest, on the part of the private sector, in building more incineration ships?

Answer: The private sector has five additional incinerator vessels either being designed or under construction. The VULCANUS II is scheduled to be operational later this year.

ENERGY PROGRAM CHANGES

Question: I notice on Pages E-2 and E-3 of your justification that the Water Quality, the Industrial Wastewater, and the Municipal Spills Activities are all eliminated in fiscal year 1983.

How much of the research performed under these activities in 1982 is being transferred to other parts of the Agency in 1983 and how much is being eliminated?

Answer: None of these programs were transferred to other parts of the Agency, but rather were transferred and consolidated into higher priority and related activities in support of research and development on solid and hazardous waste technology. More specifically:

(1) Water Quality - Most of the research in this program has been either completed or eliminated. The remainder of approximately $1 million has been transferred to the Hazardous Waste Non-Energy program to develop multimedia effects assessments at spill sites.

(2) Industrial Wastewater - Research in the fuels extraction program has matured, and under current legislation responsibility for this area has been transferred to the Office of Surface Mining in the Department of Interior. The in-house personnel have been transferred to the higher priority Hazardous Waste Program.

(3) Municipal Spills - Research in this program focuses on oil spills control technologies and includes large-scale performance testing under controlled conditions at the Oil and Hazardous Materials Spills Evaluation Test Tank (OHMSETT) facility in Edison, N.J. Since these activities are so closely related to and supportive of the Hazardous Waste program, the decision was made by the Office of Research and Development (ORD) to transfer the program out of the Energy media and to conduct the research under the Hazardous Waste Non-Energy program.

INTEGRATED PEST MANAGEMENT PROGRAM

Question: As you know this Committee has had an active interest in your Integrated Pest Management Program.

What total resources will the Agency devote to IPM in 1982 and 1983?

Answer: The Agency plans to spend a total of $412,000 on urban non-farm Integrated Pest Management in fiscal year 1982, and $450,000 in 1983?

Question: What resources does the Department of Agriculture intend to devote to this program in fiscal year 1982 and fiscal year 1983?

Answer: The fiscal years 1982 and 1983 budgets for the U.S. Department of Agriculture's Integrated Pest Management (IPM) program are respectively, $22.6 million and $22.7 million. The IPM budget is distributed among three services in the department. The individual budgets are as follows:

Service	Fiscal Year 1982	Fiscal Year 1983
	($ in 000's)	
Agricultural Research Service	$8,830	$10,130
Cooperative State Research Service	6,194	5,531
Extension Service	7,531	7,067
Totals	$22,555	$22,728

PILOT INCINERATOR TESTS

Question: During fiscal year 1982, you intended to continue your effort to develop criteria for comparing data taken on small (pilot) incinerators that might be expected on-full scale systems.

Could you please describe the progress to date and the extent to which such results have been validated against actual large scale burns?

Answer: Several activities were initiated during fiscal year 1982 in an effort to develop criteria for comparing data on pilot scale incinerators to expected performance of full scale systems. These include:

- o Establishment of a laboratory scale in-house research program to obtain data on the destruction efficiency of various incineratory types with various hazardous materials.
- o Initiated construction of the Combustion Research Facility (CRF) at Pine Bluff, Arkansas which will be used to compare laboratory data with pilot scale incineration data.
- o Continued efforts to define the thermal destruction properties of various hazardous materials.
- o Initiated design of system to assist in scale-up of laboratory information.

Question: What additional activities need to be done in order to develop a valid and reliable model?

Answer: During fiscal year 1983 the following activities must be accomplished in order to provide reliable scale-up information.

- o Continue to collect data on laboratory and pilot-scale incinerators with various waste materials.
- o Develop thermal decomposition data under flame mode oxidation conditions.
- o Correlate data obtained in laboratory and at CRF with full scale performance data to be collected from indirectly sponsored trial burns.

Question: What resources will be devoted to this effort during fiscal year 1983?

Answer: During fiscal year 1983 we are proposing to devote approximately $2 million to this effort. However, there is an additional $4.5 million proposed for related incinerator research.

R&D - INTERNATIONAL COOPERATION

Question: Could you please provide for the record a list of those R&D efforts currently underway at EPA and that also represent areas of strong international concern?

Answer: There are many ORD efforts currently underway that represent strong areas of international concern, some of which are described below:

(1) The Office of Research and Development (ORD) is currently involved in several acid precipitation and long range transport of pollutants projects including:

a) US/Canada Memorandum of Intent on Transboundary Air Pollution: ORD has chaired and staffed most of the work in drafting reports during phases I, II, and III for three of the five workgroups.

b) Organization for Economic Cooperation and Development (OECD) Air Management Policy Group: ORD provides the vice-chairman to this group. The Secretariat is promoting a project on control strategies for long range transport of SO_x and acid rain.

c) ORD supports pilot studies for NATO-CCMS (Committee on the Challenges of Modern Society) on Air Pollution Assessment Methodology and Modelling (ESRL); Flue Gas Desulfurization (IERL - RTP); and Conservation and Restoration of Monuments (ESRL).

(2) ORD's monitoring programs support the World Meteorological Organization (WMO) in their global monitoring systems. ORD provides data storage, retrieval, and analysis of World Health Organization (WHO) global air monitoring networks and the recent WHO multimedia approach to monitoring as expressed in the Human Exposure Assessment Location (HEAL) program. ORD also provides expert advice, review and instrumentation for monitoring purposes.

(3) ORD participates in several ongoing agreements with other nations. For example, under the United States - Japan Environmental Agreement there are 13 projects covering exchanges of information and technology in the areas of air and water pollution, hazardous waste management and monitoring.

(4) ORD currently funds a Pilot National Environmental Specimen Bank (with the National Bureau of Standards) to develop procedures for long term storage and analysis of environmental samples. The effort is being conducted in cooperation with the Federal Republic of Germany through a bilateral agreement. Responsibilities have been distributed between the two nations for mutual cost savings. EPA, Germany, the European Community, and Japan will sponsor an International Workshop on Environmental Specimen Banking and Monitoring in May, 1982.

ORD has other projects representing additional areas of international concern. These include research on hazardous waste disposal technologies, research on PCB destruction, and participation in the International Symposium on NO_x in the Netherlands. It is probably safe to say that the majority of our programs have international applications.

Question: Could you also provide for the record your estimate of the amount of international resources being applied to each of these R&D areas?

Answer: Because of current budgeting and operating procedures, the Office of Research and Development is unable to provide an estimate of the international resources being applied to these areas.

Question: What can EPA do to capitalize on these non-United States R&D activities and what steps is EPA taking to do so?

Answer: EPA benefits by participating in projects under joint agreements with other nations and through international organizations. Through these exchanges, EPA gains information which can be effectively applied to its domestic programs, thereby avoiding duplication of effort and unnecessary expenditures of resources. Overall, the United States has provided a significant amount of assistance to these international activities and we believe that our research program exceeds, or is comparable to, that of the other countries involved in these activities.

GENERAL HEALTH EFFECTS R&D RESOURCES

Question: Could you please provide for the record a list by media of the funds available for health effects R&D in fiscal year 1980, fiscal year 1981, fiscal year 1982 and fiscal year 1983?

Answer: The funds available for health effects R&D, including resources for health risk assessments, for fiscal year 1980 through fiscal year 1983 are as follows:

($ in millions)

	Fiscal Year			
Media	1980	1981	1982	1983
Air	27.6	26.7	20.2	18.2
Water Quality	8.5	6.8	7.1	4.4
Drinking Water	11.3	8.3	11.0	9.2
Pesticides	6.0	2.8	2.6	2.8
Radiation	2.7	2.1	2.4	1.4

Toxic Substances	12.1	13.1	12.4	10.2
Energy	18.8	13.8	1.4	2.4
Hazardous Waste	.7	1.0	1.9	2.3
Superfund	-	.1	.4	.6
Health Effects				
Total	$87.7	$74.7	$59.4	$51.5

CENTERS OF EXCELLENCE

Question: The Agency established its Exploratory Research Centers of Excellence Program in 1979. Three Centers were created that year and four additional Centers were established in 1980.

Are any additional Centers planned in the future?

Answer: An additional Center concentrating on hazardous waste was established in 1981 at Louisiana State University, bringing the total number of Centers to eight. We have no plans to expand beyond this number.

Question: For the record, provide a detail of financial support provided to each Center in 1982 and projected for 1983.

Answer: The financial support to the Centers in 1982 and projected for 1983 is as follows:

Research Center	Location	Fiscal Year 1982	Fiscal Year 1983 Estimate
Epidemiology	Univ. of Pittsburgh	$480,000	$420,000
Advanced Environmental Control Technology	Univ. of Illinois	500,000	420,000
Industrial Waste Elimination	Illinois Inst. of Tech. & Univ. of Notre Dame	500,000	420,000
Hazardous Waste	Louisiana State Univ.	500,000	420,000
Ecosystems	Cornell Univ.	480,000	420,000
Intermedia Transport	Univ. of California	480,000	420,000
Marine Sciences	Univ. of Rhode Island	480,000	420,000
Groundwater	Univ. of Oklahoma, Oklahoma State Univ. and Rice Univ.	480,000	420,000
	TOTAL	$3,900,000	$3,360,000

Question: With a 26% decline in funding for the Centers of Excellence Program in 1983, changes in program activity must result. What specific capability or research initiative do you think will not be funded under the 1983 proposal?

Answer: Funding for the Centers Program will not decline by 26%. The correct figure is 14%, which is in line with the overall reductions in the Research and Development budget. Because of the way Centers' research programs are planned, it would be very difficult to identify specific projects which would not be funded under the 1983 proposal. In general, the proposed level of funding will allow the Centers to continue work on their high priority projects.

DRINKING WATER - ENVIRONMENTAL ENGINEERING

AND TECHNOLOGY ENGINEERING

Question: One of the purposes of your Environmental Engineering and Technology program is to assist the States in assuming primacy and help localities and water supply systems achieve safe drinking water in the most cost-effective manner. However, the Environmental Engineering and Technology activity is to be reduced $3.9 million from the $10.8 million provided in 1982. The justifications on page DW-23 indicate that "the work to be reduced would be lower priority or work which could be performed by the private sector or other Federal agencies". What other federal agencies could perform the work currently being accomplished by the EPA in this activity? I think the key word in this sentence is "could".

Answer: The Department of Defense has interest in drinking water technology development and the National Science Foundation funds research related to this area. The Department of Interior's Office of Water Research Technology has also in the past supported research in this area. These agencies could supplement the EPA drinking water research program.

Question: The States will receive less funds in 1983 for their drinking water programs. Why do you think the States would perform environmental engineering and technology research in 1983 with less resources than they have had before?

Answer: Since we have not compiled a complete inventory of State drinking water research efforts, we cannot address your question at this time.

AIR PROGRAMS - CROP YIELD AND OZONE R&D

Question: Page A-26 of your budget justification indicates that the effect of ozone on certain crops can cause yield reductions of up to 50 percent. The Washington Post, in an editorial on Feburary 23, indicated that annual crop losses due to ozone are $3 billion.

14-067 O - 83 - 50

In light of the scope of this problem, it seems ill-advised to decrease our efforts in this area. I do note that you will be continuing your lab studies on the interaction between environmental factors and ozone levels and you will also be developing a regional scale model.

You do not identify what ozone programs have been scaled back or eliminated -- could you do that for us now?

Answer: The following research programs have been scaled back in the Oxidant R&D program:

- The study of the effects of ozone on crop growth and yield has been reduced because additional effort is being devoted to the program in fiscal year 1982. The fiscal year 1982 budget is $2.7 million, however with the additional carryover funding of $0.8 million the total funds available for work in fiscal year 1982 are $3.5 million. In the fiscal year 1983 research program, dose response functions will be developed for a larger number of crop species (up to 75% of the total crop value) to be used in a national economic assessment. This change will reduce the modeling and physiological effort to provide assessments at the regional level.

- Work in the development of first-generation urban scale ozone models will be close to completion in the fiscal year 1982 program. As a result of this research, three photochemical models and one empirical model for urban scale ozone will be available. The fiscal year 1983 emphasis for urban models will be the development of second-generation models which will not be as resource intensive as the first-generation model development effort. This decrease in the urban scale modeling program results in the termination of work on a selected source emission inventory associated with roadway emissions and a decreased effort on smog chamber and field studies. These changes will refocus the timeframe for the development of a second urban ozone model, since it is not required at the present time.

- The decrease in the biogenic emissions program will result in the elimination of the field studies component to the program while maintaining the laboratory studies. The impact of this cut will be minimal, in that existing field measurement data bases will be used to provide the necessary information.

AIR PROGRAMS CARBON MONOXIDE EXPOSURE

Question: On pages A-50 and A-51, under Monitoring Systems and Quality Assurance, you describe a pilot study in Los Angeles which used personal exposure monitors to determine the amount of carbon monoxide people were exposed to.

How many people have been involved in this pilot program?

Answer: Nine people monitored their exposure for eight hours each day for 45 days.

Question: What is the cost of this study?

Answer: $63,000. Of this amount, $12,000 was expended for development and procurement of integrators and monitors, which remain the property of EPA.

Question: What do you intend to do with the results of this pilot study?

Answer: The results of this pilot study are being evaluated to determine the success and applicability of monitoring individual exposures and identifying activities leading to high exposures. In addition, a journal article on the study has been accepted for publication.

AIR - ACID RAIN

Question: This year you intend to significantly increase your emphasis on acid rain from $9 million to $12 million. As part of this program you intend to initiate a "significant" monitoring effort -- could you describe this effort?

Answer: The Interagency Task Force intends to initiate a significant effort in monitoring. EPA's principal role is to ensure that the data obtained is of the highest quality possible. More specifically, this support consists of:

- o A quality assurance program to ensure that data from the various networks are consistent and of high quality in all places of operation.

- o A data base management system for the collection, archival, analysis and quality control checks of data from all monitoring networks to ensure rapid access by users.

Question: What other initiatives or augmentations do you intend to undertake in the area of acid rain?

Answer: The three million dollar increase in funding for acid rain research from fiscal year 1982 to fiscal year 1983 will be applied to all areas of the research program to meet our goal of accelerating that program. Within those general categories there are a number of significant increases and initiatives:

- o In the man-made sources area we are beginning development of an industrial emissions model and expanding our emissions inventory so that we can consider emissions of primary sulfates, oxidant precursors, and neutralizing species.

- Our increased contributions to deposition monitoring research are chiefly in methods development, particularly for dry deposition and the most difficult aspects of precipitation monitoring, and in improved methods to assure the quality of monitoring data.

- A major initiative in atmospheric processes research is the development of methods to use tracers to follow transport over long distances. This work will be incorporated in a joint program of EPA, NOAA, and DOE.

- Major increases in health and environmental effects research are devoted to studies to determine the impacts of acid deposition on forest productivity and to predict changes in lake and stream chemistry and fish resources.

- The assessment program has received a major increase in funding, since it is crucial to assure that the research in all other areas will be directed toward answering specific, important policy questions; that there will be no major gaps or unintended redundancies in the research program; and that results will be made available in a manner which is both timely and useful for economic benefit-cost analysis.

WATER QUALITY R&D

Question: Your total request for water quality research and development shows a decrease of $8,099,400 below your fiscal year 1982 level of $19,142,700. The monitoring systems and quality assurance productivity of the water quality research program is addressed on page WQ-22. This activity is declining approximately $1.3 million in fiscal year 1983 to a new total of $2.0 million. According to the justification, the decreases in fiscal year 1983 reflect the Agency's cooperative agreements with the States.

Do you know how much the States devoted to water quality monitoring in fiscal years 1981 and 1982?

Answer: We estimate that the States devoted approximately $40.0 million to water quality monitoring activities in both fiscal years 1981 and 1982, in part supported by Section 106 grants.

Question: How much would you estimate the States will devote to such monitoring during fiscal year 1983 and how have you arrived at this estimate?

Answer: It is not possible to make an accurate estimate at this time, since the exact figures will depend on State contributions as well as Federal government grants. Nevertheless, it is not unreasonable to expect a continuation of roughly the same levels as in fiscal years 1981 and 1982 ($40 million) based on Federal funds available to the States under the Clean Water Act's sections 106, 205 (g), and 205 (j).

Question: Your research and development funds for water quality non-energy research and development show a decrease of $5,529,700 from the fiscal year 1982 level -- or a total of $900,000 in fiscal year 1983.

Please summarize the major changes in your extramural research and development accounting for this decrease.

Answer: The major changes which resulted in the decrease in extramural research of $5.5 million were:

(1) completion of the Great Lakes Program (-$1.5 million);

(2) reductions in health research as a result of completion of the criteria documents for the 65 priority pollutants (-$1.5 million);

(3) reductions in environmental processes and effects research resulting from completion of criteria documents for the priority pollutants, and a shift to site-specific problems to be addressed at the State and local levels (-$1.5 million);

(4) reductions in monitoring as a result of State assumption of many of the monitoring and quality assurance responsibilities (EPA will continue in-house effort on methods development, quality assurance and transfer of methods to States) (-$0.7 million);

(5) reduction in risk assessment support as a result of completion of the criteria documents (-$0.4 million); and,

(6) an increase in extramural funding to support increased dissemination of technical information to Regional offices and States (+$0.1 million).

Question: What promise is there for the development of lower cost test methods for waterborne pollutants -- is this a contract effort?

Answer: EPA is currently investigating the use of biomonitoring techniques which could be used as surrogates for expensive and time-consuming chemical analyses of contaminants in water. These biomonitoring tests do not identify chemicals specifically, but they provide an indication as to the harmfulness of water

contamination. EPA plans to complete development of a bioassay technique which can be used in gross screening of water contamination. This is a combined contract ($120,000 in fiscal year 1982) and in-house (3 full time employees in fiscal year 1982) effort. The proposed fiscal year 1983 budget will provide for completion of the bioassay technique discussed above, and further work in this area will be continued in-house.

WATER QUALITY - GREAT LAKES

Question: Your fiscal year 1982 estimate of $2,494,000 for the Great Lakes program is entirely due to the Congressional add-on. The Congress added $994,000 in the Salaries and Expense account and $1,500,000 in the research and development account for the Great Lakes program.

How many workyears do you intend to devote to this activity during fiscal year 1982?

Answer: We are devoting seven workyears directly to this program in our Grosse Ile facility, of which six are permanent full-time employees and one is not a permanent full-time employee.

Question: Why does your chart on page WQ-16 show no workyears in fiscal year 1982?

Answer: In the Congressional submission the seven employees were mistakenly excluded from the Great Lakes program element.

Question: How does the Agency intend to use the $994,000 provided in the Salaries and Expenses account and the $1,500,000 provided in the Research and Development account for the Great Lakes program?

Answer: The $994,000 provided in the Salaries and Expenses appropriation is used to cover the operating costs of the facility itself and the in-house costs of the research program. By category it is being used as follows:

Personnel Compensation and Benefits	$275,500
Travel of Persons	53,400
Transportation of Things	7,000
Rent, Communications and Utilities	128,800
Printing and Reproduction	5,000
Other Contractual Services	124,500
Supplies and Materials	71,500
Equipment	98,000
ADP Contracts	230,300
	$994,000

This object class distribution of resources differs from the distribution submitted with the Congressional justification. Personnel, compensation and benefits costs are now provided for

the seven employees working on the Great Lakes program. In the Congressional submission the seven employees were mistakenly excluded from the Great Lakes program element.

The $1,500,000 provided in the Research and Development appropriation is being used to fund research extramurally in the following five major areas:

1. Development and validation of second generation mathematical models to be used in the simulation and prediction of pollutant transport and effects in the Great Lakes.

2. Maintenance of an information data system on the sources, distribution, effects, trends, and origin of polluting substances in the Great Lakes as part of scientific and technical support program to the International Joint Commission (IJC), EPA, Region V, and States.

3. Investigate alternative innovative methods for determining the water quality objectives of the Great Lakes.

4. Refine phosphorus limitation and conduct an assessment of the cost-effectiveness of phosphorus control program for the Great Lakes.

5. Develop methodology for the assessment of net environmental benefits in decision-making for the Great Lakes Basin ecosystem.

Question: What is the Agency's current thinking regarding the Large Lakes Research station at Grosse Ile, Michigan?

Answer: Our current thinking is that it is uneconomical to maintain a separate and distinct Great Lakes research program at the Grosse Ile facility. Thus, we are not requesting any funds for the operation of the facility in fiscal year 1983. However, it will remain open until the end of the current fiscal year.

Our desire to economize by not operating the Grosse Ile facility in fiscal year 1983 does not reflect any lack of concern on our part regarding the pollution problems in the Great Lakes. Our overall research budget, which strongly stresses the development of abatement methods for toxic substances, addresses our environmental concerns. Thus, earmarked funding for Great Lakes research is not considered necessary at this time. We believe real pollution control gains will be realized by the active implementation of mitigation measures; such as, the construction of municipal waste treatment plants and industrial water pollution control efforts.

We have planned a number of research projects for the next fiscal year that are particularly relevant to the pollution problems in that area. Although these projects are directed

primarily at generic national toxicant problems, the research results will be equally applicable to the Great Lakes. Some of the major projects include:

1. Development of techniques for assessing pathways, fate, and exposure levels of toxicants ($4.3 million).

   - Exposure analysis model for toxic organics in fresh water ($800 thousand).

   - Exposure analysis model for toxic metals in fresh water ($200 thousand).

   - Wasteload allocation model for toxic pollutants ($250 thousand).

   - Predictive methods for screening fate and toxicity of "new" chemicals ($300 thousand).

   - Predictive method for estimating a chemical's fate and effects based on its chemical structure ($1.9 million).

   - Standard reference measurement methods for toxic pollutants in fresh water ($500 thousand).

   - Quality assurance procedure for water quality monitoring ($350 thousand).

2. Development and application of techniques for characterizing health and ecological effects of toxic substances ($5.1 million).

   - Characterization of the health and ecological risks associated with selected toxic pollutants in water ($600 thousand).

   - Development of more cost-effective and accurate standard tests for characterizing health and ecological effects of toxicants ($4.5 million).

3. Development of guides for estimating resultant health and ecological effects of toxic pollutant combinations ($200 thousand).

Additionally, our concern is also expressed by our desire to maintain our Great Lakes National Program Office in Region V and to provide scientific and technical expertise to the Great Lakes States, Region V, and the International Joint Commission. These services can be easily supplied from our research laboratory in Duluth, Minnesota.

Alongside the research and abatement programs are the Agency's traditional awards and grants programs to protect and enhance the water quality of the Great Lakes. For example, our program to

construct municipal waste treatment facilities will direct $892.0 million in 1983 to the States that border on the Great Lakes. These States will receive additional grants of $14.3 million and $28.2 million during the year to implement their water and air programs, respectively.

There investments prove that we are, and will continue to be, deeply committed to doing our part to improving the water quality of the Great Lakes.

Question: The Congress also provided an additional $1,500,000 in 1982 in the Abatement, Control and Compliance account for the Great Lakes program.

Exactly how has the 1982 increase been used?

Answer: The $1.5 million add-on provided by Congress for fiscal year 1982 will be used for Great Lakes monitoring and for demonstration grants. The program office is now in the process of reviewing proposals for funding and expects that approximately $700,000 will be used for projects to demonstrate new and innovative means of controlling non-point sources of pollution.

The remainder will be used to monitor pollutant loadings from tributaries to the Lakes during high flow events and to augment the toxics monitoring program by providing analysis of fish, sediments, and air deposition samples for toxic substances. Lakes monitoring during fiscal year 1982 is concentrated on near shore areas and will be conducted using small boats. Costs of surveillance during fiscal year 1981 were $3.2 million including approximately $500,000 for operation of the research vessel, the Roger S. Simons.

Surveillance costs for fiscal year 1982 are projected at approximately $2.1 million including a portion of the $1.5 million add-on.

Question: Is the Agency devoting any resources in fiscal year 1982 to research vessel operations?

Answer: At this time there are no plans to use the Roger S. Simons research vessel in fiscal year 1982. However, the program office is examining possible surveillance options which may include the use of the Simons later in the field season.

Question: Although you are not requesting additional research and development funding in fiscal year 1983, your budget does contain $3,813,500 to implement the research findings.

What specific activities will you undertake during fiscal year 1983 and how will this compare to your fiscal year 1982 level of effort?

Answer: The $1.5 million add-on provided by Congress for fiscal year 1982 will be used for Great Lakes monitoring and for demonstration grants. The program office is now in the process of reviewing proposals for funding and expects that approximately $700,000 will be used for projects to demonstrate new and innovative means of controlling non-point sources of pollution.

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What specific activities will you undertake during fiscal year 1983 and how will this compare to your fiscal year 1982 level of effort?

Answer: We have gathered much research data that are applicable to the Great Lakes. In this connection, we would like to point out that the Agency's direct research investments in the Great Lakes program since 1971 has totaled $31.5 million.

We are requesting $3.8 million for fiscal year 1983 under the Abatement, Control and Compliance appropriation to apply the accumulated research data for abatement purposes. Although detailed program plans for fiscal year 1983 are not yet prepared, proposed abatement efforts planned for the coming year include the sampling and analysis of toxic substances in Great Lakes fish and sediments. The scope of this activity will span 20 tributaries and 10 harbors. Results of this investigation will be analyzed and reported to the proper authorities for regulatory follow up.

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Additionally, we will continue to maintain the atmospheric deposition sampling network, the purpose of which is to determine the loadings to the Great Lakes of organic chemicals, nutrients, and heavy metals from the atmosphere. Additional proposed activities include the joint United States-Canada intensive survey of Lake Superior with ship support to be provided by the Canadians; the implementation of the revised Great Lakes monitoring strategy on the other lakes; the completion of the Great Lakes harbor sediment surveys; and the coordination of State and Federal remedial actions to address the twelve severest problem areas within the Great Lakes basin. These activities represent a $1.5 million reduction from the 1982 program.

The major fiscal year 1982 abatement activities include: establish baseline toxics data by sampling air, fish, and sediments throughout the Great Lakes; undertake an agricultural nonpoint source control abatement program in the Lake Ontario basin; complete Intensive Survey Reports for Lake Erie and Lake Huron; and implement plans to further control discharges of phosphorus into Lake Erie and Lake Ontario.

RESEARCH AND DEVELOPMENT FUNDING

Question: The fiscal year 1982 research and development budget estimate provides for $154,000,000. The 1983 request is for $108.7 million.

In the past the committee has been critical of the lack of focus in EPA R&D programs. Additionally, I have questioned the relevance of certain R&D projects to EPA rulemaking and enforcement efforts. Senator Proxmire has also questioned the duplication of effort with other programs -- notably DOE and HHS.

Given this smaller budget request, how will you assure that these potential "inefficiencies" are minimized?

Answer: The Office of Research and Development's fiscal year 1983 budget request is smaller than previous years' budgets for four basic reasons.

First, in response to past criticisms that EPA's Research and Development activity has at times been unfocused and duplicative, we have taken considerable effort during the development of this year's budget to sharpen the focus of Research and Development activities by eliminating any items that were not in direct support of regulatory program needs or were, in our judgment, duplicative with research being conducted in other parts of the Agency's research and development program or in other Federal organizations. This was especially true for the Agency's energy research program.

Second, we have been able to reduce our budget request because a number of major research activities have been completed and their continued funding would not produce any new information that the regulatory programs could use. The Agency has made an enormous investment over the years and the investment has paid off. For example, from 1975 to 1983 the Agency has spent $870 million on energy program research. Since 1977 we have spent over $100 million on air criteria documents. Since 1972 we have spent $160 million for air modelling. Since 1976 we have spent $51 million for effluent guidelines. The time has therefore come when we can safely reduce the level of resources in these areas. We are also able to reduce resources where research has been or will be completed, such as toxic substance test guidelines, Superfund, hazardous waste oil spills and the water quality media where the water quality documents for the 65 priority pollutants have been completed.

Third, we have reduced resources through management efficiencies. We have improved scheduling of air criteria document research and the development of more cost-effective drinking water sampling procedures.

Fourth, we have reduced control technology research where we feel that industry can develop these technologies.

Because of this we believe we have gone a long way towards minimizing the "inefficiencies" in the Research and Development program.

Question: Will your request for R&D be sufficient to support your other statutory requirements and at the same time advance the state of knowledge?

Answer: Our research budget is better focused for fiscal year 1983 than in past years to providing funds for those research activities the regulatory programs need in carrying out their statutory responsibilities. However, we are not ignoring exploratory research by linking research to our regulatory needs.

We have carefully analyzed our budget so as to focus our resources on the important work which remains. Accordingly, we are maintaining hazardous waste research at the 1982 level of $29.5 million. We are increasing our risk assessment work by

$2 million and our acid rain research by 33%. We are requesting $7 million to conduct groundwater research studies. Additionally, we are continuing our commitment to long-term, exploratory research. In 1983 we estimate that $40.4 million will be devoted to long-range research.

Question: Are you still pursuing a vigorous program of peer review and competitive procurement?

Answer: Yes, we are continuing to pursue a vigorous program of peer review and competitive procurement. Most recently, we have established a set of review procedures for research performed intramurally by Office of Research and Development (ORD) employees, designed to ensure that the same high standards of scientific quality are met within EPA labs as are imposed on research performed extramurally. The key elements of this in-house peer review policy include: the use of outside experts to review laboratory research plans for scientific and technical quality as well as intellectual coherence; written communications between reviewers, investigators and research managers; and greater accountability of senior research officials for work performed within their laboratories.

In contract procurement, the Agency continues to revise its procedures to improve the effectiveness of the competitive process. Within ORD, due to significant changes in the program, we have tightened the delegations of authority for contracts. The Assistant Administrator must now approve all contracts over $100,000, both upon initiation of the procurement request and just prior to award. This is to insure that the contracts are mission-oriented and that we receive the best product for the money. According to our last estimate, 87% of our contract funds were spent on competitive contracts.

In the competitive grants program, ORD uses a peer panel review system to evaluate grant applications. All applications, including requests for continuation of support, are subjected to vigorous review in which they are rated and ranked according to scientific merit. In addition, researchers must attach their resumes to grant applications. This gives the peer reviewers significant knowledge of a researcher's past performance. The peer panel also considers the researcher's publication of results in peer-referred journals. These results, because they are scrutinized by editors and leading scientists both before and after publication, are worthwhile reflections of a researcher's capabilities.

ORD is tightening its review of applications for continuations of funding. The researcher must demonstrate that adequate progress has been made in the initial period to justify additional funds.

Question: Please provide some statistics, for the record, on the number, percent, and amount of such awards for fiscal years 1980, 1981 and 1982.

Answer: In fiscal year 1980, the Research and Development Appropriation funded 749 competitive procurement awards with $72,943,621; which is 78% of the total research and development contract awards in fiscal year 1980. In fiscal year 1981, 542 procurement awards were made using $67,511,430; which is 81% of the total research and development contract awards in 1981. In fiscal year 1982, to date, 160 procurement awards have been made for $20,573,260; which is 87% of the total research and development contract awards made to date in fiscal year 1982.

In fiscal year 1980, the Office of Research and Development funded 103 competitive awards for long-term research totaling $17,428,000. In fiscal year 1981, 140 research grants were awarded, 127 of which were new starts, for a total of $23,600,000. In fiscal year 1982, we estimate that 67 grants will be awarded, 63 of those being new starts, for a total of $16,446,000. Of the grants funded for long-term research, 100% are awarded competitively.

LONG-TERM RESEARCH AND DEVELOPMENT

Question: In the past the Congress has directed EPA to devote 15% of its Research and Development funds to long-term research. What percent of your fiscal year 1983 Research and Development budget will be devoted to long-term research?

Answer: The Environmental Protection Agency's fiscal year 1983 long-term research component is comprised of three activities: our Centers of Excellence Program (eight university-based centers charged with carrying out fundamental research in areas ranging from ground water to control technology); our Competitive Grants Program, which is the Agency focal point for identifying and supporting mission-related basic research designed to strengthen the United States Environmental Protection Agency's ability to respond to emerging and future environmental problems; and long-term research, conducted both through contracts and in-house at our laboratories, which takes at least five years to produce significant results.

The fiscal year 1983 budget for the activities and programs described above constitutes roughly 19% ($40 million) of the total resources planned.

Question: Under the proposed 1983 budget, how many new start-up long-term experimental research grants would be accomplished in fiscal year 1983?

Answer: We estimate that we will receive 340 grant proposals for fiscal year 1983, and expect to award about 22 new starts, in addition to 47 three-year continuation grants.

Question: How does this compare to fiscal years 1981 and 1982?

Answer: In fiscal year 1981 we received 900 research grant proposals and awarded 140 research grants, 127 of which were new starts. Of the 700 grant proposals we expect to receive in fiscal year 1982, an estimated 67 grants will be awarded, 63 of those being new starts.

Question: Some scientists are saying that the 1983 budget will not only significantly reduce EPA's role as a protector of the public's health, but will cause damage that may take five to ten years to repair. How do you respond to these charges?

Answer: We strongly deny these accusations and believe them to be unfounded. The Agency's health research program is adequate to provide the health effects data base necessary to support the development of standards and regulations. In our planning process, health research studies are designed to answer the scientific questions and to provide the data to support regulatory development.

Health research for the Air program will focus on the human exposure to air pollutants. In the Water area, the Agency will study the effects of land application of sludge to food chain crops. Research will continue on the occurrence and effects of organic, inorganic, and microbiological contaminants in drinking water. Hazardous Waste health research will involve the validation and implementation of rapid response test methods for evaluating the toxicity of complex mixtures. Pesticides research will include work on the exposure of young farmers to chemical pesticides, while the Radiation program will continue to examine the health effects of nonionizing radiation. Toxic substances research will focus on developing and validating tests and methods to predict any adverse health effects which may occur as a result of exposure to a certain chemical. In the Energy area, this research will involve risk assessment work on synfuel pollutants.

The budget request, therefore, reflects our efforts to respond to the high priority problems identified in conjunction with the regulatory needs of the Agency as well as environmental concerns of the Nation's best scientists for protecting human health and the environment.

ACADEMIC TRAINING

Question: As you know, the Congress earmarked $1 million for Academic Training and Research Fellowships. I understand that these funds are currently in a reserve account -- is that true? How much of these funds have been obligated to date? When will you obligate these funds? Please inform the Committee, in writing, by May 24 as to the status of these funds.

Answer: The $1 million congressional add-on for Academic Training and Research Fellowships is currently in reserve. The add-on money was placed in reserve because the peer review process which allocates these resources has not arrived at a distribution. The funds were appropriated in late December and apportioned by OMB only in late January. None of these resources have been obligated to date. We will distribute these resources to individual media very shortly and will have a status report for the Committee prior to May 24.

COMMENTS ON ALTERNATE EPA BUDGETS

On February 4, the National Wildlife Federation published a report identifying a series of funding issues. Some of the Report's conclusions follow:

1. Using fiscal year 1981 as a base, the Report recommends an increase in permanent positions of 4,950 or 43% (from 11,407 in fiscal year 1981 to 16,357 in fiscal year 1983).

2. Also recommended is an increase in operating budget (excluding Superfund and Construction Grants) of $812 million or 60% (from $1.354 billion to $2.165 billion).

3. A $434 million or 556% increase in Superfund is recommended (from $78 million to $512 million). It is estimated that the first five sites will be cleaned up at a cost of $20 million per site or $100 million, that a 200 person strike force would be established at $15 million and that diagnosis and containment will be undertaken at 200 sites at a cost of $150 million ($750,000 x 200) including a $30 million grant program to States.

4. For the implementation of TSCA, the report recommends: (1) research, especially to develop better ways of testing the risks of suspect substances reliably and inexpensively, will require 162 new staffers and $23.3 million; (2) review and field control of 100 existing priority suspect substances will cost 406 extra people and $20.3 million, and (3) review and field follow-up (as necessary) on 100 new chemicals will cost 49.2 new workers and $3.1 million.

5. For cross-cutting programs, the Report recommends: 22 EPA scientists and support staff to design and manage a predominantly private research thrust, to be funded by a 1983 investment of $13.6 million, which should increase over the next several years as this major research investment matures.

Question: Could you please comment on each of these conclusions? Do you have any further comments to make on the accuracy of the data used in the Report or the validity of the conclusions?

Answer: In general, the assumptions of the National Wildlife Report are highly misleading because of three basic problems. First, the workload in this Agency is not just doubling; most of the statutes are over a half-decade old. We have made enormous investments upon which we are now building. Second, our budget is not being cut in half. Cuts from 1981 are 17% including Superfund. From 1982, with Superfund, the cuts are 7%. Third, the workload assumptions are outdated.

In a time of fiscal constraint, recognized by everyone, it is simply unproductive to expect the Administration to request, or the Congress to appropriate, increases of 60% in EPA funding ($+812 million) with an increase of 5,000 people; an amount far beyond past experience, even when new legislation was enacted. Such suggestions are simply not helpful.

An increase to $512 million in Superfund (from the $230 million requested) simply ignores the need for prudent management of the fund and directing its resources at the most critical sites. It also ignores the fact that the early stages of this program do not require the largest input of funds.

The Wildlife Report is fundamentally flawed because it is based on an outdated workload model created prior to the passage of the existing legislation. The model includes outputs not contained in the final legislation (i.e., claims settlement); it overestimates the universe and underestimates the cost to remedy a site.

The substantial increases the Report would provide in Toxics Substances are simply based on inaccurate estimates of "need." For instance, the Report assumes that in the existing chemical area, 2,000 suspected chemicals out of 55,000 require testing. In reality, the actual list for data gathering is only 250 chemicals, only a small fraction of which will ever require control.

EPA has already budgeted for testing, evaluation and control actions, reflecting economies which the Report ignores: for instance, the Agency expects that testing will not be necessary for all individual chemicals in a given category.

14-067 O - 83 - 51

There are similar problems with the Report's comments on new chemical workload--Premanufacture Notices (PMN). Exemption rules which can cut PMN traffic by about 50% are currently being written for categories of chemicals posing no unreasonable risk. Included are exemptions for low-volume chemicals and site-limited intermediates.

FEDERAL REGISTER COSTS

Question: How much have you budgeted in fiscal year 1982 for Federal Register publication costs? How much was in the fiscal year 1982 budget for this purpose?

Answer: We estimate that our fiscal year 1982 Federal Register printing expenses will be $3,000.0. Since we do not plan to this level of detail in the President's Budget, we can only estimate our needs at this time.

PROGRAM INCREASES

Question: Please provide, for the record, a list of all programs that will receive increased funding over their fiscal year 1982 level if your budget request were approved.

Answer: A total of 142 program elements would increase from 1982 to 1983, totaling $137.7 million. The following program elements will increase if our FY 1983 budget request is approved:

SALARIES & EXPENSES	INCREASE $(000)
Scientific Assessments-Oxidants Non Energy	$+244.2
Technical Information & Liaison-Oxidants Non Energy	+16.2
Environmental Engineering & Technology-Oxidants Non Energy	+157.9
Scientific Assessments-Hazardous Air Pollutants Non Energy	+48.2
Health Effects-Hazardous Air Pollutants Non Energy	+61.2
Scientific Assessments-Mobile Sources Non Energy	+5.4
Scientific Assessments-Gases & Particles Non Energy	+153.9
Health Effects-Gases & Particles Non Energy	+725.6
Emission & Fuel Economy Compliance	+17.4
Training-State Programs Resource Assistance	+14.6
Ambient Air Quality Monitoring	+234.7
AIR QUALITY	$+1,679.3

SALARIES & EXPENSES	INCREASE $(000)
Technical Information & Liaison-Non Energy	$+41.2
Health Effects-Non Energy	+148.2
Health Effects-Municipal Wastewater Non Energy	+51.8
State Program Management	+3,471.1
Ocean Disposal Permits	+153.7
Environmental Emergency Response & Prevention	+91.1
Ambient Water Quality Monitoring	+897.4
Waste Treatment Operations & Maintenance	+196.9
WATER QUALITY	$+5,051.4
Scientific Assessments-Non Energy	$+54.9
Monitoring Systems & Quality Assurance-Non Energy	+60.8
Standards & Regulations Development	+530.2
Underground Injection Control Program	+802.2
Drinking Water Enforcement	+11.4
DRINKING WATER	$+1,459.5
Environmental Engineering & Technology-Non Energy	$+2,013.3
Monitoring & Quality Assurance-Non Energy	+554.7
Scientific Assessments-Non Energy	+411.0
Health Effects-Non Energy	+234.1
Environmental Processes & Effects-Non Energy	+715.0
Hazardous Waste Management Regulatory Strategies	+4,247.3
HAZARDOUS WASTE	$+8,175.4
Special Registration	$234.7
Tolerances - Pesticides	+225.5
RPAR Reviews - EIS Preparation	+.3
PESTICIDES	$+460.5
Monitoring Systems & Quality Assurance-Non Energy	$+82.3
Environmental Standards & Guidelines	+651.9
Radiation Program Implementation	+48.6
RADIATION	$+782.8

SALARIES & EXPENSES	INCREASE $(000)
Energy Review & Permitting	$+204.2
Enforcement Policy & Operations	+6,864.0
INTERDISCIPLINARY	$+7,068.2
Scientific Assessments-Chemical Testing & Assessment Non Energy	$+69.2
Health Effects-Chemical Testing & Assessment Non Energy	+766.7
Environmental Processes & Effects-Chemical Testing & Assessment Non Energy	+156.9
Information Integration	+136.9
TOXIC SUBSTANCES	$+1,129.7
Acid Rain	$+268.2
Energy Health Effects	+568.6
ENERGY	$+836.8
Program Management - ORD	$+368.7
Program Management - OPTS	+2.0
Program Management - OPRM	+119.2
Program Management - OA	+522.2
Program Integration Project	+1,167.0
Policy Analysis	+816.1
Standards & Regulations	+372.9
Office of Legislation	+168.6
Management Systems & Evaluation	+122.1
Office of Congressional Liaison	+229.8
Public Information	+273.5
General Counsel	+965.8
Office of Inspector General	+91.6
Administrator & Deputy Administrator	+234.9
Science Advisory Board	+167.4
Administrative Law Judges	+98.7
Civil Rights Investigations	+64.2
Federal Women's Program	+1.5
Intergovernmental Relations	+87.4
Planning, Evaluation & Analysis	+565.0
Financial Management	+32.1
Personnel Management	+17.8
Lab Support Costs - OPTS	+10.3

SALARIES & EXPENSES	INCREASE $(000)
Professional Training	+79.0
Nationwide Support	+4,843.7
Headquarters Support	+4,957.4
Regional Support	+2,059.0
Lab Support Costs - ORD	+470.7
Lab Support Costs - OANR	+769.4
MANAGEMENT	$+19,678.0
SALARIES & EXPENSES TOTAL	$+46,321.6

ABATEMENT, CONTROL & COMPLIANCE	INCREASE $(000)
Emissions Standards & Technical Assistance	$+812.4
Energy & Pollution Strategy	+210.5
State Program Guidelines	+24.8
Emission Standards & Technical Assistance	+776.6
Testing & Technology Administration	+789.4
Ambient Air Quality Monitoring	+85.0
Air Quality & Emission Data Analysis	+54.7
Mobile Source Enforcement	+940.9
AIR QUALITY	$+3,694.3
Effluent Standards & Guidelines	$+870.0
Ocean Disposal Permits	+306.2
Standards & Regulations	+66.1
Corps of Engineers	+1,154.9
NEPA Compliance - Municipal Waste	+1,462.8
WATER QUALITY	$+3,860.0
Standards & Regulations Development	$+284.2
DRINKING WATER	$+284.2
Regulations, Guidelines & Policy	$+4,801.7
HAZARDOUS WASTE	$+4,801.7
Registration Standards - Pesticides	$+266.6
RPAR Reviews - Pesticides	+335.3
PESTICIDES	$+601.9

ABATEMENT, CONTROL & COMPLIANCE	INCREASE $(000)
Environmental Standards	$+551.0
Radiation Assessment	+250.0
RADIATION	$+801.0
NEPA Compliance - EIS Preparation	$+51.3
Enforcement Policy & Operations	+200.0
INTERDISCIPLINARY	$+251.3
Toxic Integration	$+434.3
Testing & Evaluation	+2,651.5
TOXIC SUBSTANCES	$+3,085.8
ABATEMENT, CONTROL & COMPLIANCE TOTAL	$+17,380.2

RESEARCH & DEVELOPMENT	INCREASE $(000)
Scientific Assessments-Oxidants Non Energy	$+186.2
Monitoring Systems & Quality Assurance-Oxidant Non Energy	+25.9
Scientific Assessments-Hazardous Air Pollutants Non Energy	+418.9
Monitoring & Quality Assurance-Hazardous Air Pollutants Non Energy	+56.2
Scientific Assessment-Mobile Sources Non Energy	+25.0
Monitoring & Quality Assurance-Mobile Sources Non Energy	+502.4
Scientific Assessments-Gases & Particles Non Energy	+72.3
Technical Information & Liaison-Gases & Particles Non Energy	+202.1
Health Effects-Gases & Particles Non Energy	+3.6
Environmental Engineering & Technology-Oxidants Non Energy	+1,021.7
AIR QUALITY	$+2,514.3
Technical Information & Liaison-Non Energy	$+86.0
Technical Information & Liaison-Municipal Wastewater Non Energy	+278.4
Technical Information & Liaison-Industrial Wastewater Non Energy	+50.0
Health Effects-Industrial Wastewater Non Energy	+132.0
WATER QUALITY	$+546.4

RESEARCH & DEVELOPMENT	INCREASE $(000)
Scientific Assessments-Non Energy	$+30.5
Technical Information & Liaison-Non Energy	+96.0
Monitoring Systems & Quality Assurance-Non Energy	+241.2
Environmental Processes & Effects-Non Energy	+10.0
DRINKING WATER	$+377.7
Scientific Assessments-Non Energy	$+62.3
Technical Information & Liaison-Non Energy	+90.0
Environmental Processes & Effects-Non Energy	+1,075.5
HAZARDOUS WASTE	$+1,227.8
Scientific Assessments-Non Energy	$+15.5
Monitoring Systems & Quality Assurance-Non Energy	+176.2
Health Effects-Non Energy	+1,020.4
Environmental Processes & Effects-Non Energy	+616.8
PESTICIDES	$+1,828.9
Monitoring Systems & Quality Assurance-Nonionizing Radiation Non Energy	$+1.3
RADIATION	$+1.3
Scientific Assessments-Chemical Testing & Assessment Non Energy	$+75.0
Technical Information-Chemical Testing & Assessment Non Energy	+21.9
Monitoring Systems & Quality Assurance-Chemical Testing & Assessment Non Energy	+299.0
TOXIC SUBSTANCES	$+395.9
Acid Rain	$+2,738.5
Energy Health Effects	+454.2
Energy Environmental Engineering	+1,335.3
ENERGY	$+4,528.0
RESEARCH & DEVELOPMENT TOTAL	$+11,420.3

SUPERFUND	INCREASE $(000)
Scientific Assessments-Non Energy	$+206.5
Technical Support - OLEC	+341.1
Hazardous Waste Response - Enforcement	+3,762.6
Hazardous Substances Financial Management-Regions	+111.8

SUPERFUND	INCREASE $(000)
Hazardous Substances Support-Regions	+317.4
Hazardous Substances Legal Services-Headquarters	+160.3
Hazardous Substances Legal Services-Regions	+29.9
Computer Services	+485.0
Hazardous Substances - OPRM	+1,152.1
Hazardous Spill & Site Response	+48,740.1
Interagency Superfund-Health & Human Services	+3,292.0
Interagency Superfund-Coast Guard	+1,514.8
Interagency Superfund-Justice	+2,100.0
Interagency Superfund-NOAA	+365.0
SUPERFUND	$+62,578.6
SUPERFUND TOTAL	$+62,578.6
TOTAL INCREASING PROGRAM ELEMENTS	$+137,700.7

Questions Submitted by Senator Hatfield

PEER AND ADMINISTRATIVE REVIEW CONTROL SYSTEM

Question: Please provide a rough estimate of the level of effort required by the Agency to comply with the EPA Peer and Administrative Review Control System (EPA memo from the Administrator December 18, 1981).

Answer: During fiscal year 1983, the Office of Research and Development (ORD) will produce approximately 1,200 reports and papers which will be subject to EPA's Peer and Administrative Review Control System. We estimate that a total of 33 workyears will be required to complete all of the necessary reviews. In addition, we estimate that four workyears will be required for reviewing material not produced by ORD.

Breakout of the level of effort is as follows:

800 Reports (Documents)
400 Papers
80 Hours required for each report
10 Hours required for each paper
800 Reports x 80 hours = 64,000 workhours
400 Papers x 10 hours = 4,000 workhours
68,000 workhours

68,000 workhours/2,080 (hours in 1 workyear) = 33 workyears
100 non ORD reports x 80 hours each = 4 workyears

37 workyears

CONSULTANTS

Question: What is the number of consultants, included in your OPFTE, PFTE ceiling, that have been hired since the Administrator has assumed her position?

Answer: Fifty-five consultants and experts have been hired since Mrs. Gorsuch was sworn into office. Eleven of these are full time and forty-four are intermittent. All fifty-five are counted against our OPFTE ceiling because consultants are not permanent employees. They are located throughout the Agency, in both the regions and headquarters. The current level (in fiscal year 1982) is 163 as compared to a level of 356 for 1980.

AUDITING STATE GRANT PROGRAMS

Question: What level of effort (by media and PFTE's and $) does the Agency plan for the auditing of its State grants program in 1983? Also include 1981 and 1982 figures.

If the Agency plans revisions to its grant program regulations which would eliminate the need for States to comply with EPA uniform auditing procedures, how does the Agency intend to audit grants? Would not EPA auditors have to "learn" each State system and, therefore, increase the resources needed to audit each grant? In effect, it appears that the final result of these grant revisions is that fewer grants will be audited, but each audit done will be more costly than in past years.

Answer: EPA's Office of Inspector General does not plan to expend any resources auditing State program grants in fiscal year 1983. Instead, EPA regions and audit field offices have been notified that State and local program grants should be audited under the single audit concept mandated by Attachment P to OMB Circular A-102. Attachment P specifies that a State auditor or Independent Public Accountant perform a single audit of all State agency expenditures at least every two years. This one audit will fulfill the needs of both the State agency and all Federal agencies with grants or contracts with that agency. In 1981 and 1982, no special emphasis has been placed on auditing State program grants. Annual resource expenditures have not exceeded .5 PFTEs. EPA's Office of Inspector General believes that implementation of the Attachment P approach will assure that more program grants will be audited and permit EPA to make more efficient use of its audit resources.

Proposed changes to EPA's grant regulations will not affect either grantee responsibilities related to audits or EPA's audit approach. EPA has never had uniform auditing procedures or required grantees to have uniform accounting systems. Rather, grantees have been and will continue to be required to account for project funds in accordance with generally accepted accounting principles and practices. While EPA auditors have historically had to "learn" each State's accounting system, increased reliance on Attachment P audits (supplemented by EPA audit work where appropriate) will yield greater audit coverage at no additional expense to the Agency.

GREAT LAKES

Question: Where are the Great Lakes monitoring resources included in the budget?

Answer: Monitoring resources for the Great Lakes are included under Water Quality Abatement, Control and Compliance Appropriation, Great Lakes Program starting on page WQ-53.

Question: What is the level of the Great Lakes monitoring resources for fiscal years 1981 and 1982 as compared to the proposed level in fiscal year 1983?

Answer: The level of resources for Great Lakes monitoring is $3.2 million and $2.1 million during fiscal years 1981 and 1982 respectively. The proposed funding for fiscal year 1983 is $1.5 million.

Question: What justification is there for terminating the research monies for the Great Lakes program?

Answer: This program had originally concentrated on eutrophication problems and, more recently, addressed several issues associated with potential toxic chemical problems in the Great Lakes. We have achieved the original mandate for the Great Lakes Research Program, i.e., to study eutrophication. More recently, we have found that a significant amount of polychlorinated biphenyls (PCB's) found in the Great Lakes are linked to atmospheric transport rather than to water discharges except for some specific sites such as Waukegan Harbor. In this connection, we would like to point out that the Agency's direct research investments in the Great Lakes program since 1971 has totaled $31.5 million.

Our desire to be more efficient resource managers in no way reflects any lack of concern on our part regarding the pollution problems in the Great Lakes. On the contrary, we have planned a number of research projects for the next fiscal year that are particularly relevant to the pollution problems in that area. Although these projects are directed primarily at generic national toxicant problems, the research results will be equally applicable to the Great Lakes. Some of the major projects include:

1. Development of techniques for assessing pathways, fate, and exposure levels of toxicants ($4.3 million).

   - Exposure analysis model for toxic organics in fresh water ($800 thousand).

   - Exposure analysis model for toxic metals in fresh water ($200 thousand).

   - Wasteload allocation model for toxic pollutants ($250 thousand).

- Predictive method for estimating a chemical's fate and effects based on its chemical structure ($1.9 million).

- Standard reference measurement methods for toxic pollutants in fresh water ($500 thousand).

- Quality assurance procedure for water quality monitoring ($350 thousand).

2. Development and application of techniques for characterizing the significance of health and ecological effects of toxic substances ($5.1 million).

   - Characterization of the health and ecological risks associated with selected toxic pollutants in water ($600 thousand).

   - Development of more cost-effective and accurate standard tests for characterizing health and ecological effects of toxicants ($4.5 million).

3. Development of guides for estimating resultant health and ecological effects of toxic pollutant combinations ($200 thousand).

We have collected and will continue to collect much research data that are relevant to the Great Lakes. We are requesting $3.8 million for fiscal year 1983 under the Abatement, Control and Compliance Appropriation to utilize the accumulated research data for abatement purposes. Abatement efforts planned for the coming year include the sampling and analysis of toxic substances in Great Lakes fish and sediments. The scope of this activity will span 20 tributaries and 10 harbors. Results of this investigation will be analyzed and reported to the proper authorities for regulatory follow up. Additionally, we will continue to maintain the atmospheric deposition sampling network, the purpose of which is to determine the loadings to the Great Lakes of organic chemicals, nutrients, and heavy metals from the atmosphere. We also plan to design in 1983 a strategy and sampling networks to monitor the water quality of Lake Superior.

Additionally, our concern is also expressed by our desire to maintain our Great Lakes National Program Office in Region V and to provide scientific and technical expertise to the Great Lake States, Region V, and the International Joint Commission. These services can be easily supplied from our research laboratory in Duluth, Minnesota.

Alongside the research and abatement programs are the Agency's traditional awards and grants programs to protect and enhance the water quality of the Great Lakes. For example, our program to construct municipal waste treatment facilities will direct $892.0 million in 1983 to the States that border on the Great Lakes. These States will receive additional grants of $14.3 million and $23.2 million during the year to implement their water and air programs respectively.

These investments prove that we are, and will continue to be, deeply committed to doing our part to improve the water quality of the Great Lakes.

RESEARCH AND DEVELOPMENT

Question: According to Dr. Courtney Riordan's testimony before the Subcommittee on Natural Resources, Agriculture Research and Environment March 19, 1982 - the fiscal year 1982 budget contained $52 million or 18.6% of the budget for long-term research. In fiscal year 1983 the budget includes $40 million or 18.7%. However, while the percent of long-term research remains constant, it is obvious that long-term research projects have become a smaller piece of a smaller pie. (140 projects in fiscal year 1981, 65 projects in fiscal year 1982 and 25 projects in fiscal year 1983). Please supply the title and cost of each research project for fiscal years 1981, 1982 and 1983.

Answer: The percentages of EPA's budget, as referenced above from Dr. Riordan's testimony, represent our total long-term research component which is comprised of three activities: our Centers of Excellence Program--eight university-based centers charged with carrying out fundamental research in areas ranging from groundwater to control technology (fiscal year 1983 estimate is $3.4 million); our Competitive Grants Program, which funds new research grants each year as well as some three-year grant continuations, and is the Agency focal point for identifying and supporting mission-related basic research designed to strengthen EPA's ability to respond to emerging and future environmental problems (fiscal year 1983 program is roughly $10 million); and long-term research in our base programs, conducted both through extramural contracts and inhouse at our laboratories, which takes at least five years before significant results are produced (fiscal year 1983 estimate is $26.8 million).

The requested project listing for the Competitive Grants Program is attached, but it reflects those research grants awarded as new starts in fiscal year 1981. For fiscal year 1982, peer review panels have recommended projects for the first of three cycles that are held during the year. As yet, no awards have been made, although funding packages have been prepared for those projects which passed peer review and were recommended. Therefore, the fiscal year 1982 projects which we expect to approve for funding are still in the internal process of final

approval and award. For fiscal year 1983 we estimate that 22 new starts will be funded, in addition to 47 continuations for third year work. A project level and cost detail is not available, since we have not initiated the grants solicitation process for fiscal year 1983. We do, however, expect to award grants in each of the general research areas identified by our existing peer review panels.

COMPETITIVE GRANTS NEW AWARDS
FISCAL YEAR 1981

HEALTH RESEARCH

SCE Assay for Waterborne Genetic Hazards	$163,293
Inhalation Toxicology of Aldehyde-Containing Air Pollutants	378,873
Anticholinesterase Insecticide Induced Pancreatitis-Chronic Studies	75,038
Cytogenetic Effects of Chemical Mutagens on Spermatogenesis	414,744
Development and Application of an In Vitro Tumor Promoter Assay	261,623
Cellular Effects of Radiofrequency Radiation	192,433
Cohort Studies of Oxidant Exposure	823,369
Detection of Somatic Cell Mutations in Humans Erythrocytes by Labeling with Antibodies Against Glycophorin A	295,436
Test of a Highly Sensitive Drosophila Assay for Chemical Induced Chromosome Breakage	182,646
Trihalomethanes in Drinking Water and Colon Cancer	224,954
Malignant Transformation of Human Diploid Cells by Chemical Carcinogens and Mutagens from Residues of Drinking Water	245,124
The Effect of Exposure to Texas Gulf Coast Air Pollution in Asthmatics	901,736
Mutagenic DNA Modification	136,929
Airborne Toxic Substances and Airway Epithelial Function	258,588
Transfer of Xenobiotics in Blood to Cells	216,958
The Development of a Valid in Vitro Assay for Fibrogenesis Using Cultured Pulmonary Macrophages and Fibroblasts	104,987

The Testing of Fetuses and Newborns for Cardiovascular Problems After Exposure to Pesticides and Other Toxic Substances	118,793
Neurotoxicity of Low Level Prenatal Exposure to Hypoxic Agents	142,002
Metabolic Factors as Determinants of Lung Toxicity	163,127
Quantitative Measurement of Deposition of Diesel Exhaust Particulates in the Human Respiratory Tract	189,710
Toxicological and Chemical Interactions of Metal Oxides and Sulfur Dioxide	250,627
Effects of Toxic Substances on Memory	194,916
Impact of Insecticide Exposure on Skeletal Muscle Protein Metabolism	140,936
Systemic and Cardiovascular Effects of Chronic Barium Ingestion	160,505
Heavy Metal Effects on Gene Expression in Human Cells	146,268
Human Cell Activation of Polcyclic Aromatic Hydrocarbons	342,150
Role of Lipid Peroxidation in Air Pollutant Toxicity	172,000
Methods for Assessing the Impact of Environmental Chemicals on Human Fertility	267,565
Mechanisms of Mutagenesis by Environmental Carcinogens	215,157
Effects of Pentavalent Arsenicals on Resistance of Mice to Salmonella Infection (approved during third round, 1980)	104,190
Aerosol Deposition in the Human Oral Passage	155,913
Studies of Non-Cultivatable Agents of Viral Gastroenteritis	113,755
Immunologic Analysis of Heavy Metal Toxicity	185,573
Metal Methylation and Mutagenesis	92,352
A Multi-Species Comparison of the Neurobehavioral Toxicology of Alkyltin	240,133
Nitropyrenes: Do they Constitute an Environmental Hazard for Man?	342,301
Visual Indices of Neurotoxicity	233,000
Hepatic Formation and Toxicity of Catechols	206,176

DNA Damage, Repair and Replication in Cell Specific In Vivo Carcinogenesis	159,477
Short Term Tests for Chemical Nephrotoxicity	260,000
Molecular Mechanisms of Chemically-Induced Mutagenesis	194,000
DNA Damage and Its Expression in Mammalian Cells	291,974
Halogenated Aromatic Hydrocarbons: Biochemical Mechanisms of Toxicity	203,013

ENVIRONMENTAL CHEMISTRY & PHYSICS (AIR)

Investigation of the Transport and Diffusion of Pollutants in Complex Terrain Using a Numerical Model	70,607
Investigation of Filter Artifacts When Sampling Airborne Organic Particulates	100,000
In Situ Analyzer for Organic and Elemental Carbon in Ambient Aerosols	120,000
Atmospheric Chemistry of Natural Hydrocarbons	139,690
Atmospheric Transformmation and Bioactivity of Combustion Products from Residential Wood Stoves	220,030
Atmospheric Tracer Investigation of Flow and Dispersion Near an Isolated Building	52,357
Oxidation of Alkoxy Radicals	159,893
Atmospheric Aerosol Chemistry of Sulfur and Nitrogen Oxides	169,150
Diagnosis and Prediction of Atmospheric Transport on Regional and Synoptic Scales Using a Three Dimensional Dynamic Model	149,971
Stability Classifications for Air Pollution Dispersion Models	108,069
Measurement of HO_2 (RO_x) in Ambient Air	159,483
Development and Calibration of the Low Pressure Impactor for High Mass Loading and High Altitude Measurements	59,790
Fundamental Analytical and Spectroscopic Studies Exploiting Laser Ionization	163,490
Laboratory Investigation of Bouyant Emissions on Particulate Matter	137,338
Gordon Research Conference	10,148

Oxidation-Reduction Behavior of Chlorinated Dioxins on Particulate Matter	34,431
Scattering by Curved-Phase Front Beam (An In-Situ Scheme to Detect Fine Pollutants)	61,140

ENVIRONMENTAL CHEMISTRY & PHYSICS (WATER)

Solute Model for Predicting Transport of Metals from Industrial Solid Wastes Through Soils	162,691
Development of Electrodes Capable of Characterizing Substances as to Toxicity and Mutagenicity	104,097
Investigation of Polymerization of Xenobiotic Aromatic Compounds (e.g., some pesticides) and their Incorporation into Soil and Sediment Humus	69,022
Study of the Chemical Behavior of Chromium in Water-Sediment Systems	62,807
Limitations and Energetics of Hydrophobic (nonpolar) Sorption of Organic Compounds by Soils and Sediments	144,438
Enzyme Electrodes for Measuring Organohalogens in Raw and Treated Waters	51,774
Project to Develop Emission Spectroscopic Method for the Determinations of the Halogens and Other Non-metals via Direct Current Plasma Excitation	81,286
Fates of Organic Compounds from Niagara Falls Dumpsites in Lake Ontario	115,422
The Effect of Phytoplankton Physiological State on Aggregation Tendency and Sinking Rates	79,824
An Integrated Study of the Transport and Fate of Herbicide Manufacturing Residue Stored at Alkali Lake, Oregon	199,370
Pollution of Gravel Spawning Grounds Due to Fine Sediments	168,000

ENVIRONMENTAL BIOLOGY

Pathology and Microbiological and Integrated Control of Eurasian Watermilfoil in Relation to Water Quality	136,985
Production, Culture, Food Habits and Impact of Hybrid Grass Carp.	80,342

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An Ecosystem Approach to the Effects of Placer Mining on Streams of Interior Alaska 214,336

Effects of Environmental Variables on PCB Biodegradation 140,000

Biotransformation of PAH's by Aquatic Plants 299,992

Comutagens in the Environment 190,304

Nitella Meadow in Clear, Oligotrophic Lakes: Function and Vulnerability to Shading 47,792

Effect of Pollutant Interaction of Environmental Transport and Distribution 120,383

Determinants of Nekton Community Structure in Shallow Marsh Habitats 47,393

Ulva lactuca L. as a Bioindicator of Coastal Water Quality 58,815

Evaluation of Crude Oil Spills on Northern Stream Invertebrate and Periphyton Communities 209,367

Habitat Selection in Benthic Marine Invertebrates: Relation to Community Patterns Near Waste Discharges 143,377

Transmission Electron Microscope Studies of Lichens Exposed to Air Pollutants 23,457

Investigation of the Effects of 20 Priority Pollutants on the Bacterial Disease Resistance of Rainbow Trout 38,940

Survival, Growth, and Genetics Recombination of New Genomes in Soil and Other Natural Ecosystems 190,000

Fate of Viruses and Trace Organics in A Cypress Strand Tested with Chlorinated Primary Effluents at Waldo, Fla 180,245

Basis of Acid Rain Induced Compositional Change in Submerged Macrophyte Communities 146,173

Development of a Sensitive Assay System for Monitoring Viral Pesticides 164,396

Interaction Between Microbiota and Persistent Pollutants in Marine Sediments 165,994

Identification of Ichthyoplankton by Polyacrylamide Gel Electrophoretic Separation of Soluble Musle Proteins 47,103

Dissolved Oxygen Dynamics in Green Bay (Lake Michigan): An Ecosystem Approach 349,690

Cellular Effects and Bioaccumulation of Cadmium by Daphnia sp. 121,873

Studies of Limnological Processes Controlling the Availability of Toxic Substances to Aquatic Food Chains in the Great Lakes	185,977
Dose Response Curves for Multiple Trace Elements	187,895
Effects of Pesticides on Baculovirus Development and Genome	34,875

ENVIRONMENTAL ENGINEERING & POLLUTION CONTROL PROCESSES

Methane Fermentation of Coal Conversion Waste Water Constituents	168,000
Insoluble Polymeric Contact Disinfections for Small Water Treatment Systems	138,114
Interrelated Effects of Organic Loading, Dissolved Oxygen Concentration and Aeration Basin Configuration on Activated Sludge Settling Characteristics	132,670
Basic Physical Properties of Pollution Control Residues	142,500
Accelerated Settling of Suspension by Addition of Buoyant Particles	83,864
Peroxide for the Removal of Toxic Pollutants	47,313
Toxicant Removal in Submerged Media Anaerobic Reactors Processing Industrial Wastes	153,963
Kinetics of Aromatic Combustion of PAH Formation in Liquid Fuels	160,646
Generation Chemistry and Reactions of Chlorine Dioxide for Water Treatment	144,414
Reduction of Airborne Radon in Houses by Removal from Household Water Supply	64,293
Formation of Carbonaceous Particulate During the Pyrolysis and Oxidation of Coals and Residual Oils	206,342
Soot Formation in Gaseous Diffusion Flames	97,381
Destruction of Hazardous Organic Waste Materials and the Encapsulation of Heavy Metals in Non-leachable Matrix	247,691
Venturi Scrubber Performance and Optimization	223,995
Anaerobic Biodegradation of Toxic Aromatic Compounds	166,266
Evaluation of Sewage Treatment Plant Performance	117,136

Submicron Aerosol Classification Using High Velocity, Low Pressure Impactors	107,422
Kinetic Study of the Catalytic Antoxidation of Aquatic Pollutants by Hybrid Metal Complexes	207,047
Gordon Research Conference	4,800
Competitive Adsorption of Trace Inorganics from Natural Waters by Activated Alumina	117,136
Particle Deposition in the Wake of Charged Spheres	92,444
Mechanisms of Human Rotavirus Inactivation by Water Disinfectants	227,871
Pollutant Chemistry in Combustion Systems	107,000
Anaerobic Digestion of Waste Activated Sludge	134,307
Evaluation of Factors Affecting Selection of Media for Anaerobic Packed-bed Reactors	137,030
The Spouted Bed: A Novel Approach to Burn Low Calorific Value Fuels in an Environmentally Acceptable Manner	124,100
Ultraviolet Disinfection of Water and Wastewater	74,271
Removal of SO_2 with Ferric Ion as a Catalyst	57,032
Oxidation of Cyanides in Industrial Wastewaters by Ozone; Kinetics and Mechanism	139,900
Investigation of Limiting Engineering and Chemical Factors for Recycle and Reuse of Blast Furnace Scrubber Waters Under the Clean Water Act and RCRA	163,133
Developments at the 11th International Conference on Water Pollution Research	52,260

REDUCTION IN WATER QUALITY RESEARCH

Question: According to testimony from Dr. Richard Dowd (February 24, 1982), the water quality criteria that EPA has published has been heavily criticized because the data base is poor. With a few exceptions they need to be completely redone with additional information. However, the budget continues with a reduction in water quality research program from $61 million in fiscal year 1981 to $45 million in fiscal year 1982 to $27 million in fiscal year 1983. In light of these charges, what is the justification for a decrease in resources?

Answer: Actual water quality research expenditures for fiscal year 1981 was $49.9 million. The current estimated budget for fiscal year 1982 is $45.1 million. We are requesting $27.7 million for fiscal year 1983. We believe this amount will provide sufficient research support for our water programs in the coming year.

There is an overall decrease of $17.4 million between fiscal year 1982 and fiscal year 1983 in EPA's water quality research. The major changes from the previous year include:

- o Support work for priority (Consent Decree) pollutants, development of monitoring methods, and investigation of ecological effects in fresh and marine waters will decrease by $5.6 million. The major portion of this work will be completed in fiscal year 1982.

- o Research on novel (biological) and land wastewater treatment processes, toxic pollutant controls for sewage and sludge, and urban runoff will decrease by $4.9 million because these are mature program activities which were not cost-effective at previous funding levels.

- o Characterization industrial effluents and assessment of control technologies for industrial waste streams will decrease by $4.4 million. The major work in support of effluent guidelines will be completed in fiscal year 1982, so there is no need for these resources.

- o Earmarked research efforts of $2.5 million in the Great Lakes program are no longer necessary. Therefore, there is no need for these resources in fiscal year 1983.

The major effort in developing water quality criteria documents for the 65 priority pollutants will be completed at the end of the current fiscal year. A few of the documents have received some criticism for insufficient health data to support setting health-based standards. We are devoting resources to fill these health data gaps in the current year and we hope to complete these research activities in fiscal year 1983. Thus, while refinement research in the water quality criteria area may be required to complete a few documents, a complete revision is not necessary.

COMPETITIVE RESEARCH

Question: According to testimony given by Dr. Lester Lave, Brookings Institution (February 24, 1982), EPA has cut its research grants program from $19 million to $13 million with all future research concentrated in EPA labs. Dr. Lave, along with others, assert that peer reviewed competitive research makes more effective use of dollars than in-house labs. Please comment.

Answer: Several comments seem appropriate, both to correct some misunderstandings on Dr. Lave's part, and to elaborate on the nature of our future research plans. First, our extramural, exploratory grants program is being reduced from approximately $16 million in 1982 to a requested $10 million in 1983. Second, we anticipate no significant change in the basic character of the program from 1982 to 1983. In other words, the grants program will remain totally extramural; applications will be considered across a broad range of environmental research topics identified in an annual solicitation brochure; all proposals will continue to undergo rigorous scientific and technical peer review by experts selected from outside EPA; and generally speaking, the research supported will address longer-term, as opposed to shorter-term environmental science issues.

The remaining non-exploratory part of our 1983 budget request, some $206 million, will be divided almost equally between EPA laboratories and extramural research contractors. In 1982, almost 58% of our total research budget was spent outside EPA; in 1983, total extramural expenditures will account for roughly 50% of the requested resources.

In general, we agree with Dr. Lave and others, that peer reviewed competitive research makes the most effective use of research dollars. However, we must point out that our recently established peer review policies for research performed inside EPA labs are designed precisely to ensure that intramural work is held to the same high standards of scientific and technical quality as research performed by outside grantees and contractors. We would be happy to provide a copy of these review procedures for your information.

NESHAPS AND NAAQS SUPPORT

Question: Fiscal year 1983 Health and Ecological Research in air pollutants which supports standard development for NAAQS and HAPS is reduced 23% to $8.6 million. The justification for this decrease is "improved scheduling of research in support of standard setting." Please provide for the record more details on this improved scheduling.

Answer: In the hazardous air pollutants area, health effects research supports the development of National Emission Standards for Hazardous Air Pollutants (NESHAPS), section 112 of the Clean Air Act. The decrease in this sub-program from 1982 to 1983 (roughly $366 thousand) results from a decision to reduce support for research on carcinogenicity and mutagenicity, since the health effects for these two endpoints are better understood than for certain others. This decision was not based on scheduling or phasing considerations, since NESHAPS are not developed on a cyclical basis.

However, certain proposed reductions in the health and ecological components of the oxidants research program, and in the ecological effects portion of the gases and particles program do reflect an effort to better schedule the initiation and completion of certain research activities.

The reordering of these priorities will be reflected in our laboratory work plans for fiscal year 1983, which are not yet available. Specifically, we will be reducing the fiscal year 1983 emphasis on extrapolation model development, systemic effects, biochemical and immune effects, and respiratory effects relating to inhalation toxicology of photochemical oxidants. In the ecological effects area, we will be reorienting activities associated with the National Crop Loss Assessment Network to focus on a national economic assessment of the agronomic impacts of ozone and sulfur dioxide on crop production. We will be happy to provide more detail on the scheduling of these research activities once our laboratory plans are finalized.

DRINKING WATER - GROUND WATER ACTIVITIES

Question: What are the levels of effort ($ and PFTE) throughout the Agency to research and monitor our groundwater?

Answer: Resources from the Office of Research and Development devoted to research and monitoring are 30.3 permanent workyears (36.2 total workyears) and $7,117,100 in fiscal year 1983.

Question: To what extent are these activities coordinated?

Answer: The Agency has established a ground water task force with the responsibility of coordinating ground water activities. This task group has prepared a paper which presents a picture of the problems associated with protecting ground water and it suggests an approach which EPA can use to best respond to the problems. Following the Administrator's review of the proposed Agency strategy, it is anticipated that the Agency's role will be defined and full coordination of ground water functions will take place within EPA and among the States.

Question: Where are these activities shown in the budget?

Answer: Ground water research activities appear under Environmental Processes and Effects and Monitoring Systems and Quality Assurance within the Drinking Water and Hazardous Waste media.

PERMITTING OF HAZARDOUS WASTE FACILITIES

Question: At the current and planned levels of effort when can Congress expect that all hazardous waste facilities will be permitted?

Answer: Agency projections of RCRA permit development and issuance remain only estimates because of program inexperience.

Question: What level of effort would be necessary if Congress desired that all facilities be permitted in 3 years?

Answer: Agency projections of RCRA permit development and issuance remain only estimates because of program inexperience.

Furthermore, processing of individual permits, including development of permit conditions for the facility, hearings, and permit issuance, requires at least a few months to complete.

Permitting all hazardous waste facilities within three years represents an ambitious schedule which the Agency would not be able to carry out even if resources were increased over current levels.

WASTE EXCHANGE

Question: Energy costs are an underlying cause of inflation in this country today. Recyclable energy is desirable both from an economic and environmental viewpoint. For the record please supply the budget details of a program effort entitled Waste Exchange. Include a cost benefit analysis of the program in your response.

Answer: The Waste Exchange program was funded in fiscal year 1978 for $100,000 and 1 workyear. In the fiscal year 1979-1982 period about 0.5 workyear annually has been devoted to this effort.

The Agency's Waste Exchange program consists of participation in educational seminars to stimulate waste materials exchange and development of background information for interested industries or associations. In fiscal year 1981, the Agency participated in 60 waste exchange seminars. The Agency's regulatory role, as described by the Resource Conservation and Recovery Act, precludes an operational role in waste exchange. Because of this very limited role in industrial waste exchange, the Agency does not have a cost-benefit analysis to provide. The growth in waste exchanges which the Agency has observed in the past few years, however, indicates that waste generators and waste user industries consider exchanges economically attractive. Therefore, the private sector is developing this industry through normal market mechanisms.

RADIONUCLIDE STANDARDS

Question: If the Court requires EPA to issue standards for radionuclides (Sierra Club vs. Anne Gorsuch) what funds will EPA use?

Answer: The budget request for the Radiation media includes funds and workyears to develop standards for airborne radioactive effluents under Section 112 of the Clean Air Act. These resources will be used to comply with the Court order.

Questions Submitted by Senator Weicker

ENVIRONMENTAL LEGISLATION

Question: Another of the policies used in developing the 1983 budget was that "EPA will manage its programs to achieve environmental results--not just bigger budgets." The goal of this policy, if achievable, is laudable since more is not always better. What effects will the increases in responsibilities from the environmental legislation passed by Congress in the late 70's have on achieving a 1983 budget that is less than earlier budgets when the responsibilities were also less? Also, what effects will the increasing and difficult problems caused by all forms of pollution have on achieving the goal of this policy?

Answer: The vast majority of our environmental legislation is not new. Nearly all of the statutory changes resulting in our significant resource requirements occurred over half a decade ago. The Toxic Substances Control Act (TSCA) and the Resource Conservation and Recovery Act (RCRA) were passsed in 1976; the Clean Air and Water statutes were amended in 1977; and Pesticides in 1978.

Large and in some cases, enormous investments have already been made. As an overall indication, the Agency grew by more than 62 percent between 1977 and 1980. As a result of those earlier investments, we can fully implement those mandates with lower levels of spending.

We are also finding that the jobs to be done are, although extensive, not as huge as once believed. Our job in RCRA, for instance, was once thought to involve over 20,000 permittees. We now believe the number is about half of that and many of those could be handled with class permits. I do not minimize our task; I do however insist that we all must recognize its changing nature and the payoff from past and present investments.

PERSONNEL REDUCTIONS SINCE 1981

Question: Please detail the number in each job category and pay level of the personnel who have left over the past two years or will soon leave the Agency on their own and through the reduction-in-force process?

Answer: We do not plan any involuntary separations as a result of a reduction-in-force this fiscal year and it is difficult to know which employees will soon leave the Agency on their own. The following chart does indicate the numbers and grade levels of permanent employees, by occupational group, who have left the Agency during fiscal year 1981 and the first half of fiscal year 1982. This period covers not only the time since February 1981, but four months of the previous Administration when there was a net decline in Agency personnel.

	OCCUPATIONAL GROUPS		
Pay Level	Environmental Protection Specialist/Assistants and Student Trainees	Social Science Group	Personnel Management and Relations Group
Executive/SES	1	0	0
GS/GM 15	3	1	1
14	17	6	0
13	30	1	6
12	23	4	12
11	27	2	2
10	0	0	0
9	12	3	5
8	0	0	1
7	16	1	5
1-6	30	0	10
Commissioned Corps	0	0	0
Others	0	1	0
Total	159	19	42

OCCUPATIONAL GROUPS

Pay Level	General Administrative & Office Services	Biological Sciences Group	Accounting and Budgeting	Medical & Public Health
Executive/SES	16	0	2	0
GS/GM 15	26	5	2	2
14	28	8	6	4
13	36	16	8	6
12	42	17	14	5
11	24	13	6	3
10	4	0	0	0
9	26	9	3	2
8	20	3	0	0
7	54	2	5	1
1-6	417	8	11	0
Commissioned Corps	1	2	0	3
Others	4	1	1	1
Total	698	84	58	27

OCCUPATIONAL GROUPS

Pay Level	Veterinary Medical Group	Engineering & Architecture	Legal & Kindred Group	Information and Arts
Executive/SES	0	4	9	0
GS/GM 15	0	9	16	1
14	0	25	23	5
13	0	37	27	7
12	0	78	25	6
11	0	41	13	5
10	0	3	0	0
9	0	47	5	6
8	0	0	1	1
7	0	27	3	5
1-6	0	9	7	6
Commissioned Corps	2	41	0	0
Others	0	8	0	3
Total	2	329	129	45

OCCUPATIONAL GROUPS

Pay Level	Business & Industry	Copyright, Patent & Trademark	Physical Sciences	Library & Archives
Executive/SES	1	0	18	0
GS/GM 15	1	0	19	0
14	2	0	19	0
13	4	0	35	0
12	10	0	36	2
11	6	0	30	1
10	0	0	1	0
9	5	0	32	1
8	1	0	1	0
7	7	0	27	2
1-6	6	0	16	3
Commissioned Corps	0	0	5	0
Others	0	0	3	0
Total	43	0	242	9

OCCUPATIONAL GROUPS

Pay Level	Mathematics & Statistics	Equipment, Facilities & Service	Education Group	Investigation Group
Executive/SES	1	0	0	0
GS/GM 15	3	0	0	0
14	4	0	0	2
13	12	0	0	0
12	7	0	0	0
11	3	2	0	0
10	0	0	0	0
9	5	1	0	0
8	1	0	0	0
7	3	0	1	0
1-6	0	0	1	0
Commissioned Corps	0	0	1	0
Others	0	0	0	0
Total	39	3	3	2

OCCUPATIONAL GROUPS

Pay Level	Quality Assurance & Inspection	Supply Group	Transport-ation Group	Miscel-laneous Group	Total
Executive/SES	0	0	0	0	52
GS/GM 15	0	0	0	0	89
14	0	0	0	0	149
13	0	0	0	0	225
12	0	1	0	0	282
11	0	2	2	0	182
10	0	0	0	0	8
9	0	0	0	0	162
8	0	0	0	0	29
7	0	2	0	0	161
1-6	0	1	0	1	526
Commissioned Corps	0	0	0	0	55
Others	0	0	0	23	45
Total	0	6	2	24	1,965

ELIMINATION OF BACKLOGS

Question: One of the four basic policies stated in the overview of the 1983 budget was "through the elimination of backlogs, the Agency will fulfill its statutory responsibilities in an increasingly prompt and credible manner." Would you identify the areas, and numbers, where there are backlogs? What have been the causes of their accumulation? What effect, if any, will the proposed budget reductions and reductions in personnel have on the existing backlogs and the possibility of future backlogs?

Answer: In the construction grants program, backlogs have developed in the final stages of completing and closing out grant projects. These backlogs in administrative close-outs developed primarily because of other program priorities (to award grants, meet grant obligation and outlay projections, manage ongoing projects, and delegate the program to the States) and as a result of legislative and policy shifts and technical issues. By the end of 1982, EPA will have completed and brought on line 55 percent of the 8,000 projects initiated since 1973; and by the end of 1983, 65 percent of all contruction projects started since 1973 will be sent to audit. The effort to decrease the backlog in administrative close-outs will be achieved through reprogramming of staff formerly responsible for project management, more intensive oversight of delegated States, and simplification and streamlining of the program overall.

The Office of Inspector General (OIG) has conducted 192 audits of construction grants during the first six months of fiscal year 1982, and has a current backlog of about 190 final construction grant audits. Most of these will be performed by CPA firms under contract to OIG. This backlog has accumulated because the procurement process to award these contracts has delayed assigning audits to the CPA firms. Now that the contracts are being awarded, the OIG expects to reduce the backlog of audit requests. The 1983 budget request redirects resources to close out audits and to implement a new auditing strategy which emphasizes more selective compliance auditing and which should sharply increase the efficiency with which these resources are used.

By the end of fiscal year 1982, the Office of Administration will eliminate its only significant backlog in the area of administrative close-out of completed research, demonstration, training and special studies grants. With the backlog eliminated in 1982, budgeted resources are adequate to ensure timely close-out of current grants and prevent accumulation of any future backlogs.

In the air quality program, an August 1981 inventory showed that over 1000 State Implementation Plan (SIP) revisions were awaiting EPA review, 40 percent of which were over one year old. Since that time, fully 63 percent of the backlog has been published in final form, and the backlog will be eliminated by the end of 1982. Management and processing innovations have been

implemented to ensure that new SIPs are processed quickly, and that no new backlogs will develop. Thus, reductions in 1983 will have no effect on this current backlog area.

The National Pollutant Discharge Elimination System (NPDES) Permit program has a backlog of some 3,760 major permits that have expired and have not been reissued. With the initiation of the second round of permit issuance, most of the backlog of industrial majors has been created by awaiting promulgation of Best Available Treatment (BAT) effluent guidelines. The resource reduction included in the 1983 budget request will have little, if any, implact on the permit backlog. Incorporation of BAT guidelines into expired permits (projected to be completed by the end of fiscal year 1984) is the critical element necessary to reduce the backlog of NPDES permits because the Agency has decided not to issue permits without guidelines. One of the Administrator's other priorities, however, is to complete the guidelines on schedule.

There is a backlog of 13 chemicals recommended to EPA by the Interagency Testing Committee (ITC) for priority testing under section 4 of the Toxic Substances Control Act (TSCA). In addition to normal start-up problems after TSCA was passed, there were a host of complex questions to be answered before the section 4 testing program could be implemented, including the ITC's broad definitions for chemical categories. Recently, the ITC has been more specific in its designations. The backlog of designations will be eliminated by the end of 1983. The Agency's budget request is planned to comply with the court schedule on backlog ITC designations as well with new designations as required by section 4.

Pesticide backlogs currently exist for registration activities. While there were 1367 registrations activities outstanding on May 1, 1981, this backlog was reduced to 266 by March 31, 1982. Between the years of 1976 and 1978, the registration process became essentially immobilized due to attempts to implement the amendments which imposed more stringent standards for registering pesticides to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) enacted by Congress in 1972. The Agency's attempts to implement these amendments generated controversy and precipitated court challenges which, in turn, resulted in a significant slow-down in the registration process. These legal problems are now being resolved, leading to reduced paperwork and less time required for litigation support. In 1982, the Agency also took several actions to streamline the registration review process and reduce backlogs. Among these actions were a procedure to use international documentation to assess petitions for tolerance, a refined registration standards process, addition of high speed equipment to increase the efficiency of the on-line tracking system used by product managers, elimination of the final printed label review cycle before registration, and cooperation with the pesticides trade association to improve the quality of submissions. The pesticide registration backlog will be largely eliminated in fiscal year 1982; any remainder will most certainly be eliminated in fiscal year 1983. The budget we are requesting will be sufficient to prevent the buildup of backlogs in 1983 and subsequent years.

14-067 O - 83 - 53

In July, 1981, there were 175 cases which EPA had referred to the Department of Justice but had not yet been filed for civil prosecution. One of the major causes for the development of this backlog was failure to communicate between the Agency and DOJ prior to referral of cases by EPA. This problem has been solved by a recent agreement which will ensure a smooth and professional relationship between both offices regarding future referrals of all civil and criminal environmental litigation cases. Proposed budget reductions in personnel will have no effect on the existing backlog, which is now substantially ameliorated, nor will such reductions create the possibility of future backlogs. The recent agreements with the Department of Justice will ensure that no subsequent backlog of unfiled cases occurs.

TOXIC SUBSTANCES

Question: If New Federalism becomes fact, will the States have the finances necessary to also continue work on toxic substances? Do all of the states have the necessary trained personnel, supplies and facilities, in the opinion of the Agency, so that the programs dealing with toxic substances will continue? If not, which States will require further Federal involvement and assistance and what form should this involvement and assistance take?

Answer: Unlike some other environmental legislation (e.g. Resource Recovery and Conservation Act), the Toxic Substances Control Act (TSCA) does not contain explicit State delegation provisions. Thus the Toxic Substances program is not part of the President's New Federalism. Responsible implementation of TSCA does not require that the Agency collect, maintain or evaluate State toxics program development or financial information. Instead, much TSCA implementation focuses on such activities as test data development, chemical substances information collection, development of regulatory and non-regulatory controls, and compliance monitoring and enforcement. These kinds of activities are national in scope and tend to cut across State lines.

To the extent that program office interaction with States takes place, it does so under sections 10 and 28 of TSCA. Under TSCA section 10, $1.5 million in cooperative enforcement grants were awarded to five States in fiscal years 1981 and 1982. These grants, administered by the Pesticides and Toxic Substances Enforcement Division (PTSED), provide for the development of models for State chemical control programs. After evaluation by PTSED, data and experience from these programs will be made available to other States to assist them in developing their own toxic substances control programs. TSCA section 28 grants, totalling $4.3 million, were awarded in fiscal years 1979, 1980, and 1981 and administered through the Office of Toxics Integration. Using grant funds, eight States and Puerto Rico are working on projects ranging from the development of toxics information data bases to development of chemical control strategies. Through the grant mechanism EPA assists States in establishing integrated toxics management and compliance monitoring programs.

However, it is important to stress that this effort focuses on integration of available resources and existing or planned programs, not addressing State resource needs as calculated by some Federal formula.

In developing the 1983 budget we decided to allow existing section 28 grants to be completed and to evaluate the results before deciding on the future of the grant program. The first grants, awarded in 1979, will be completed this spring. The last group, awarded in 1981, will not be completed until 1984.

It is our position that EPA should continue in its role of providing technical assistance to States while continuing to pursue the TSCA program on a national scale. Toward this end, 10 workyears are devoted to compliance assistance in the Regions in 1983. Personnel not only work with industry but also with States as they attempt to improve their toxics control efforts.

We do not have State-specific information on the adequacy of personnel and facilities for State toxic substances programs.

TOXIC SUBSTANCES

Question: The Toxics Integration program funding has been proposed to be reduced along with a personnel reduction of over 27%. How will this effect the achievement of: (1) integration of intra-Agency chemical-by-chemical regulatory programs and activities; (2) operation and enhancement of the Chemical Substances Information Network (CSIN): (3) coordination of EPA chemical activities with other countries through the Organization for Economic Cooperation and Development (OECD) and other international organizations; and (4) assistance to States and localities in establishing new toxic substance control programs and in coordinating and integrating existing programs to promote more effective operations? What are the target areas that are being given higher priority of effort than toxics integration and will these other efforts benefit the goal of integration of toxic substances programs for greater efficiency?

Answer: Resources in the Office of Toxics Integration within the Office of Pesticides and Toxic Substances represent only part of the Agencywide toxics integration effort. The Program Integration Project in the Office of Policy and Resource Management is also responsible for a significant share of this effort. Thus the 1983 Budget Request contains only a 9% decrease in permanent workyears and a 24% increase in dollars for the the Agencywide toxics integration effort.

Several factors contribute to the ability of the Office of Toxics Integration (OTI) to absorb proposed personnel and funding cuts and at the same time continue to move toward achieving its four major objectives. Integration of inter-Agency chemical regulatory programs and activities will experience some delay during fiscal year 1983 due to gaps in chemical release, emissions, and exposure data, requiring OTI to adjust its model for

identifying high priority Agency chemicals. This will result in delaying the formation of chemical workgroups until later in fiscal year 1983. The Chemical Substances Information Network (CSIN) will continue to move from the resource intensive development stage to on-line operation, with a substantial portion of its financial support coming from its users in the form of user charges. Consequently the system will begin to support itself, reducing the need for resources in fiscal year 1983. There is no reduction in fiscal year 1983 to the staff responsible for coordinating EPA chemical activities with those of other countries, and therefore no anticipated impact on international integration efforts. Assistance to States in establishing new or integrating existing toxics control programs will continue during fiscal year 1983. However, in adjusting to proposed budget reductions, OTI will focus its efforts on working through the National Governor's Association (NGA) with "pilot" States, i.e. a small group of somewhat sophisticated States moving quickly toward integrated toxic programs management. Those same States will then be encouraged to work with and assist other States in program development, thereby supplementing EPA assistance and sharing the benefits of actual experience.

The Agency budget requests 21 permanent workyears and $3.7 million for the Program Integration Project (PIP) in 1983. This request represents an increase of 23% in permanent workyears and 47% in dollars, for the PIP part of the Agencywide toxics integration effort. The Program Integration Project has the major responsibility for integration of intra-Agency regulatory programs on an industry-by-industry basis and within selected geographic areas. Much of the problem specific assistance to States and localities will be focused on these two approaches to integration.

Office of Toxics Integration	1982	1983
PFTE	29.0	21.0
Total Dollars	3308.3	3515.0
Program Integration Project		
PFTE	17.1	21.0
Total Dollars	2500.0	3667.0
TOTAL AGENCY RESOURCES		
PFTE	46.0	42.0
Total Dollars	5808.3	7182.0

TOXIC SUBSTANCES

Question: Contractor support which provided toxic substances information material for the Industry Assistance Office has been discontinued, the Public Participation Staff has been eliminated, and the budget request for providing toxic substance information material is down significantly. Do these measures assist or hamper the ability of a citizen to be both informed about and able to participate in decisions concerning toxic substances?

Answer: EPA does not plan to hamper the ability of citizens to be informed and participate in decisions concerning toxic substances. While we have taken the good management approach to eliminate inefficient spending, we will not sacrifice the essential communication needed to implement the toxic substances program.

Question: What steps, if any, has the Agency taken or will it take to ensure and promote the public's participation in issues like those concerning toxic substances which concerns the entire country and not just special interests?

Answer: Much of the printed material previously made available through the Industry Assistance Office will now be available through the Government Printing Office and the National Technical Information Service. We plan to continue to use in-house Industry Assistance Office staff to handle inquiries and make referrals. In addition, compliance assistance personnel in the Regions will be responding to citizen inquiries as well.

Section 21 of the Toxic Substances Control Act (TSCA) provides citizens with an effective vehicle for petitioning the Administrator to initiate rulemaking under the Act. EPA is committed not only to meeting our statutory responsibilities in this area but the Agency also has identified these petitions as a source for chemicals considered for evaluation and control.

Under section 6 of TSCA, citizens are encouraged to participate in rulemaking activities. The regulatory decision-making process provides citizens with an opportunity to participate in the rulemaking by submitting written data, views, and arguments, and in public meetings convened to hear comments on proposed and final regulations.

PUBLIC PARTICIPATION IN THE RULE-MAKING PROCESS

Question: What is the Agency's philosophy regarding public participation in the rule-making process and other decision-making processes? Are each of the offices trying to ensure and promote public participation and are these efforts adequately reflected in the budget justification?

Answer: The Agency recognizes the critical importance of public participation in its decision-making processes. Public confidence in the fairness and basic integrity of EPA's policies is crucial to their success. And in a parallel way, the Agency's decisions cannot possess those qualities unless they are fully informed by the public.

Congress also recognizes the importance of public participation. This is reflected in the strict requirements for informing and involving the public which are contained in most of the major environmental statutes administered by EPA. We comply with these requirements and will continue to do so in the future.

Even in cases where legislation has not specifically required us to, the Agency has gone ahead on its own to establish thorough requirements for involving the public. One example of this is the Superfund Community Relations Plan. The State FIFRA Issues Research and Evaluation Group (SFIREG) is a second example of a mechanism created by the Agency to encourage outside participation in our decision-making process. SFIREG is an advisory group composed of state pesticide control officials who work with EPA to develop and review pesticide enforcement policy.

The combination of detailed statutory requirements and EPA's own full policy statement form the core of our procedures for ensuring public participation in the Agency's decision-making process. In addition, we seek public involvement through several other mechanisms. Two of the most important of these are:

1. Peer Review. The Agency relies heavily on groups of independent scientists (e.g. Science Advisory Board, FIFRA Science Advisory Panel) to review technical and scientific documents prepared by the Agency and to advise the Administrator and the program offices on the quality of evidence and technical judgment used in making regulatory decisions. Notices of meetings of these groups are published in advance and the meetings themselves are open to the public.

2. Regulatory Agenda. Twice a year, the Agency publishes a complete listing of significant regulatory actions in progress which have been listed in the Federal Register. This is known as the Regulatory Agenda and copies of it are available to the public upon request every six months.

The costs of these and other efforts to involve the public in EPA's decision-making process cannot be identified as a single or even several distinct line items in the budget. They are a regular part of doing business whose various aspects are difused throughout the Agency.

EFFECT OF ACID RAIN ON U.S./CANADA RELATIONS

Question: The National Oceanic and Atmospheric Administration (NOAA) has proposed to close the Great Lakes Environmental Research Laboratory in Ann Arbor, Michigan, as it is the Administration's position that the laboratory is not as essential to NOAA's program and mission as other base activities are. At the same time, the Environmental Protection Agency (EPA) has proposed to curtail its Great Lakes reseach program and reduce its abatement and control of pollution in the Great Lakes. EPA has also failed to adequately regulate the emissions of sulpher dioxide and nitrogen oxides. As a result, the rainfall in the northeast region of the United States and Canada has become increasingly acidic and quite dangerous to life. Have the above affected in any way our relations with Canada and our ability to negotiate in good faith with the Canadians on mutual environmental concerns?

Answer: The U.S. and Canada have formally cooperated on air quality problems since 1979 when the two countries issued a joint statement on transboundary air pollution. The statement recognized both countries' contribution to the problem and announced plans to develop a cooperative agreement for improving transboundary air quality. Since then, five Work Groups jointly composed of U.S. and Canadian representatives from scientific, technical and legal disciplines have been working toward a mutual understanding of the causes and effects of transboundary air pollution. Their reports will be ready soon, after which they will be reviewed by other experts in the field and then used as a technical basis for formal negotiations.

During this period, three negotiating sessions have taken place with a fourth scheduled for June.

Our interest in an agreement with Canada stems from the fact that the only sensible approach to the problem is a cooperative one. In addition, we would like for Canada to adopt stricter air pollution controls similar to what is now in effect in the U.S. At present, the Canadian federal government is generally able only to recommend pollution regulation to the Provinces which have final authority whether to take action. We would like to see improved emissions control technology applied to Canadian smelters and major power plants. For instance, there are more than 100 SO_2 "scrubbers" now in operation at power plants in the U.S. or in final stages of construction. There are no scrubbers on power plants in Canada.

We believe that achieving an equivalent level of pollution control in the two countries should be our shared objective.

EFFECT OF GREAT LAKES ON U.S./CANADA RELATIONS

Question: What will the effects of the above policy changes be on the recovery and quality of life of the Great Lakes and that environment of that region of the U.S. and Canada?

Answer: We do not believe that proposed changes in 1983 from 1982 in the part of EPA's budget which pertains to the Great Lakes will have a detrimental effect on U.S. and Canadian success in solving environmental problems of mutual concern. The various program offices of this Agency are continuing to work closely with their Canadian counterparts by providing technical expertise and resources to the International Joint Commission, including to its Great Lakes Water Quality Board and Great Lakes Science Advisory Board.

The Agency also is conducting various studies of boundary water quality in cooperation with our Canadian counterparts. These include:

- A plan being developed to remedy remaining environmental problems in the Niagara Frontier.

- Eutrophication models completed for Lakes Ontario, Erie and Huron which provide more understanding of the benefits of the various strategies available. These models will assist in the joint protection of the lakes.

- Continuous cooperative assistance being provided to help resolve problems associated with disposal of dredged materials.

- Work continuing on the development and validation of second generation mathematical models to be used in the simulation and prediction of pollutant transport and effects in the Great Lakes.

Phasing out the research programs directed exclusively at the Great Lakes will have minimal effect on the recovery and the quality of the environment in the Great Lakes Basin. The Agency is now at the stage of applying what it has already learned from previous research to implement corrective programs.

PESTICIDES BACKLOGS

Question: The Office of Pesticides Programs is expecting to eliminate the backlog in pesticide registration that has accumulated and adequately take care of the new workload of new and amended pesticide registrations and old chemical reviews. However, the Office is also planning a personnel reduction. How did the current backlog in pesticide registration accumulate?

Answer: Between the years of 1976 and 1978, the registration process became essentially immobilizied due to attempts to implement the amendments which imposed more stringent standards for registering pesticides to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) enacted by Congress in 1972. The Agency's attempts to implement these amendments generated controversy and precipitated court challenges which, in turn resulted in a significant slow-down in the registration process.

In September of 1978, Congress passed legislation which provided for, among other things, conditional registrations. This permitted the Agency to conditionally register products in the absence of a complete data base if the applicant had not had time to develop the data since the requirements were imposed and if the use of the product would not significantly increase the risk of unreasonable adverse effects on the environment during the period needed to gather the data. This relief precipitated a large increase in applications for registration. All of this contributed to the accumulation of numbers of pending registration actions.

Those problems are now being resolved. Legal problems are now being decided in favor of the Agency, leading to reduced paperwork and less lost time in litigation support. The Agency is also taking several actions to streamline the registration review process and reduce backlogs. Among these actions are a procedure to use international documentation to assess petitions for tolerances, a refined registration standards process, addition of high speed equipment to increase the efficiency of the on-line tracking system used by product managers, elimination of the final printed label review cycle before registration, and cooperation with the pesticides trade association to improve the quality of submissions. While there were 1367 registrations outstanding on May 1, 1981, this backlog was reduced to 266 by March 31, 1982. The budget we are requesting in fiscal year 1983 will eliminate any remaining backlog from fiscal year 1982 and prevent the buildup of any future backlogs.

Question: In your analysis, how long should an average pesticide registration take?

Answer: There are statutory mandates relating to time frames for completing certain actions under FIFRA and tolerance actions under the Federal Food, Drug and Cosmetic Act that are necessary in order to approve certain registrations for products for use on food or feed crops. These time frames become controlling factors for these cases. In other cases, the Agency has set goals in terms of maximal time for processing registration actions. The following targets have been set for fiscal year 1983:

New Chemical Reviews	- 190 Days
New Biological Reviews	- 150 Days
New Product (Old Chemical) Reviews	- 110 Days
Amended Registration Reviews	- 190 Days
Experimental Use Permits (Statutory Requirement)	- 120 Days
Petitions for a Tolerance (Statutory Requirement)	- 180 Days
Emergency Exemptions	- 50 Days
Special Local Need Registrations	- Less than 90 Days
Temporary Tolerance	- 120 Days

Reviews taking longer than this are considered to be in backlog status.

Question: What will be done to ensure that the backlog does not accumulate again?

Answer: The backlog has already been reduced by 1,101 registrations between May 1981 and April 1982. The Agency is currently engaged in an extensive array of activities geared to increase the efficiency of the process leading to backlog reductions and reduced turnaround times for applications. Some of these activities are as follows:

1. conducting meetings with the regulated industry, user groups, state regulatory officials, and other interested parties to gather suggestions on ways to increase efficiencies both in the Agency process and the preparation of applications by the industry;

2. using completed registration standards to more efficiently process applications for new uses of previously registered products and other actions;

3. providing better definition of testing requirements and protocols to the industry by publishing guidelines;

4. increasing the use of pre-registration conferences and decision conferences in an effort to resolve issues early in the process;

5. enhancing existing automated tracking systems to better monitor progress of applications through the process;

6. integrating the existing registration standards process into the mainline registration process in order to improve the efficiency of both systems;

7. using existing management accountability and performance management systems to increase productivity within the process;

8. streamlining the process by eliminating any excess paper work and unnecessary procedural steps in the system;

9. eliminating the need for registering "practically safe" products under the authority of Section 25 of FIFRA; and

10. extending the waiver of efficacy data requirements.

Question: Will the personnel reductions have any effect on the current or future pesticide registration backlogs?

Answer: We believe that we adequately planned and budgeted for personnel resources necessary to meet the goals that have been set. Specifically, we have actually budgeted <u>increased</u> resources for some categories of actions (tolerances and special registration) and are relying on efficiencies such as those described above to permit elimination of backlogs by the end of fiscal year 1983. Although we have carefully planned our outputs and resource demands, continuing legal challenges to the process

or significant revisions in the current law could impact on the current process in terms of increasing backlogs or turnaround times while we move resources to deal with new problems of higher priority.

PESTICIDES ENFORCEMENT

Question: A number of Federal programs would be the responsibility of the States under the proposed New Federalism. Do all the States have the necessary trained personnel, supplies and facilities in the opinion of the Agency so that proper handling and use of pesticides will be done?

Answer: Even though Pesticides Enforcement is not part of the President's new Federalism in our opinion, those States with cooperative enforcement agreements with EPA have properly trained personnel, supplies, and facilities to ensure that pesticides are correctly manufactured, sold, and used, and that State laws and regulations are enforced. For example, during fiscal year 1981, States involved in cooperative enforcement agreements with EPA conducted over 50,000 compliance inspections. Over 18 percent of these inspections resulted in some form of enforcement action such as warning letters, criminal prosecution or stop sale orders to applicator license suspensions. This demonstrates the willingness and ability of States to exercise their pesticide regulatory responsibilities.

Question: If not, which States will require further Federal involvement?

Answer: Four States, Colorado, Nebraska, Ohio, and Wyoming, have not entered into cooperative agreements with the Agency. EPA will continue to work with these States to bring them into the national program. We have specifically requested sufficient funds for Colorado and Nebraska, which have no State enforcement programs of their own.

Question: What aspects of the pesticide program should remain under Federal direction?

Answer: Some State laws do not provide the same coverage as does the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). In those States where a pesticide, pesticide manufacturer, distributor, or user is not regulated under State law to the same degree as they are under FIFRA, Federal resources will be utilized to monitor activities under Federal jurisdiction.

PESTICIDES ENFORCEMENT

Question: One of the Office of Pesticide Program's goals is to have better enforcement of and compliance with the pesticide regulations. How will this be possible when the Agency is proposing to reduce the grants to the States for this along with the funding and personnel for the EPA program in pesticide enforcement?

Answer: The Pesticides Enforcement Grants Program has been in effect since 1975 when pilot programs were first begun with five States. The program is now operational in 47 States, requiring less Federal oversight. As a result, the Agency only plans to track those enforcement allegations involving particularly serious violations. Since fiscal year 82, as a part of the annual grant guidance, each State was required to objectively review its compliance problems and define a State enforcement program which tailors the national pesticide enforcement priorities to the pest control needs of the State. By improving State priority setting mechanisms, EPA and the States will be able to focus resources on those problems that are of both local and national concern. States now concentrate their training, compliance monitoring and enforcement programs on specific pesticide manufacturing, distribution, and use activities which pose a risk to health or the environment. EPA will continue to provide training workshops for State pesticide inspectors and pesticide chemical analysts as a part of its program of ensuring uniform quality and competency in State programs. Also, as a part of the annual grant guidance, EPA has developed a protocol for use by the Regional Offices to provide standardized qualitative evaluations of State programs. This gives the Agency a better mechanism for guiding and adjusting State priorities and objectives to ensure their alignment with national goals.

CONTRACTING REGISTRATION STANDARDS

Question: The Agency is planning to increase the contracting out of the work necessary for the development of pesticide regulatory standards. Is it the philosophy of the Agency that it is better to contract out than have the work done in-house and have in-house expertise?

Answer: The Agency's contracting effort on registration standards is designed to be a capacity-building effort to increase the total output of the process, and is based on previous experience to develop a standard under contract. The Agency will be developing standards both in-house and under contract. We want to shorten the total time required to develop registration standards for all the active ingredients of pesticide chemicals. The contract will enable the Agency to complete two or roughly 15% of the total registration standards planned for completion in fiscal year 1983. If an evaluation of the contract effort is favorable, the concept may be extended into future fiscal years for the completion of additional standards. This evaluation may determine that some steps in the development process may be suitable for contract work and others may be better done by the Agency.

Question: If so, what are the Agency's justifications for the philosophy?

Answer: As stated previously, the Agency is attempting to build additional output capacity for registration standards.

Question: What criteria will the Agency use in selecting contractors?

Answer: The contract procurement will be competitive and open to all qualified bidders. The proposals submitted by the bidders will be assessed by an Agency panel of selected staff members with appropriate scientific backgrounds. Once the contract is awarded, it will be closely monitored by a project officer and scientific staff with oversight responsibilities in their particular areas of expertise.

HAZARDOUS WASTE FACILITY INSPECTIONS

Question: The Agency expects to perform 2,950 hazardous waste facility inspections in fiscal year 1983. In the budget for this, the Agency is planning to reduce the staff responsible for the facility inspections by approximately 80%. This leaves each inspector with a heavy workload of an average of 1 1/5 facilities to inspect and report on each week. What are the justifications for this personnel reduction?

Answer: The reduction in inspection resources for Hazardous Waste Enforcement is, in fact, only 5.1 permanent workyears or 6%, not 80%. The apparent gross reduction in overall enforcement resources comes from the transfer of 35.1 permanent workyears to the Office of Legal and Enforcement Counsel and the outright transfer of 86.2 permanent workyears for permitting to the Abatement and Control function.

We estimate, based on limited experience, since the program is so new, that it takes, on the average, approximately 2.5 workdays to inspect a hazardous waste generator or facility. This includes the time required to prepare for the inspection, to travel to the site, to actually conduct the inspection, and to prepare the inspection report. Therefore, we believe the workyears allotted to inspections are sufficient to accomplish the 2,950 inspections.

Question: What is the procedure for inspecting a hazardous waste facility, the time involved for each phase, and the number of personnel required to perform the tasks of each phase?

Answer: The procedures for conducting a hazardous waste facility inspection, in short, are as follows: An inspector will review the facility's records, including its permit (if applicable), compliance history, reports, and other information on file. The inspector will then go to the site (usually after a notice to the owner or operator) and review required records, the operation, and the overall management of the facility. Sometimes the inspector will take samples of wastes, ground water, or other materials. (The sample will be split and shared with the owner or operator.) The inspector will return to EPA, obtain sample analysis if necessary, and prepare a compliance inspection report. In it, he or she will identify any instances of non-compliance and other pertinent information.

All phases of the inspection may be completed by one person or by more than one. The number usually depends on the complexity of the operation. The amount of time involved for each phase varies based on factors such as the size of the existing file on the site, travel time to the site, complexity and size of the site, time for sample analysis, and length of the inspection report. The average for the total of all phases is 2.5 workdays.

FEDERAL ASSISTANCE TO STATES

Question: The Administration's New Federalism will shift a number of Federal Programs to the States. Do all of the States, in the Agency's opinion, have adequate trained personnel, supplies and facilities to maintain or increase the programs dealing with the handling, containment, and proper disposal of hazardous wastes? If not, which States will require further Federal involvement and assistance in handling the problems associated with hazardous wastes?

Answer: All States are in the process of developing hazardous waste programs in order to qualify for authorization. This includes hiring and training staff, as well as writing legislation and regulations and developing administrative procedures and program policies. All these activities are being undertaken by the States with guidance and financial assistance by the Agency.

Realizing that the level of staff and program development required for State authorization requires time to achieve, the Resource Conservation and Recovery Act (RCRA) allows the Agency to grant interim authorization for up to two years. At this time, 29 States have Phase I interim authorization and three States also have Phase II interim authorization. The Agency expects States to have sufficient resources to administer the phases of the RCRA hazardous waste program for which they have interim authorization. Those States which do not yet qualify for interim authorization may enter into Cooperative Arrangements with the Agency to operate selected portions of the Federal RCRA hazardous waste program to the extent that they have resources and legal authority.

The reductions and simplifications in Federal program, reporting, and oversight requirements on the States and the encouragement of user fees will decrease the need for Federal assistance. However, as the Federal program continues to evolve and States continue to upgrade their programs, the Agency expects all States to require, at least for a while, some continued federal financial assistance, as well as technical guidance. To date, only one State (Wyoming) has rejected Federal involvement and assistance.

AIR-STATE CAPABILITIES

Question: The Administration's New Federalism would shift the responsibilities for many federal programs to the States. Do all of the States have, in the Agency's opinion, adequate trained personnel, supplies and facilities to maintain or increase the current clean air programs dealing with abatement, monitoring, PSD permit compliance, research and development, and enforcement? If not, should there be an increase, and not a reduction in Federal involvement in air quality issues?

Answer: The Administration's New Federalism does not include the air program. However, there has been considerable investment by both States and the Federal Government over the past ten years to develop comprehensive air pollution control agencies that are adequately staffed and funded. In addition, much progress has been made toward the development and implementation of programs to resolve some of the more complex air pollution control problems even though not all problems have been resolved. Because of this investment and the progress that has been made most States are in a position to carry out current and future air pollution control programs.

In those cases where a State faces a particularly difficult problem or where a deficiency still exists in a State's capability, additional EPA support will be available. Regional resources for technical support and oversight will increase from 95 workyears in 1981 to 117 workyears in 1983. We will also be focusing our efforts on results and not on the minutia of how a State operates its program. By 1984 we anticipate that this philosophy will allow further shifting of Regional efforts to the provision of direct technical assistance and expertise to the State in the preparation of the more complex SIPs.

AIR PROGRAM

Question: The combined Federal-State-local effort in controlling air pollution has achieved a noticeable improvement in our Nation's air quality. How does the budget proposal, such as the almost $1.2 million reduction in the State Program Guidelines and Regulations Development function, alter, in any way, the federal commitment and ability to provide aid and assistance to achieving this country's desire for safe and healthy air quality?

Answer: The efforts in EPA Headquarters to provide necessary guidance and technical assistance on the types of problems the States will be facing in 1983 will remain about the same as that devoted to such problems in 1981 and 1982. What cuts we are proposing in these areas relate to transportation control planning (completed by 1983) and duplicative review of minor SIP's.

We will continue to provide guidance on how to control stationary sources of volatile organic compounds. We will provide information transfer on control of specific types of source problems and on applications of models. We will provide guidance and assistance in developing alternative methods of achieving standards through such approaches as bubble and banking. The emphasis in all these areas will be on providing the tools and assistance that the States need to do a competent and effective job themselves.

In addition, certain efficiencies will be obtained in Headquarters guidance development by developing more generic type guidance rather than guidance that covers every potential aspect of every program. We will also focus on guidance which will enable EPA to approve environmentally equivalent but different State programs. These efforts will reduce the amount of case-by-case guidance Headquarters needs to provide on individual programs.

AIR-STATIONARY SOURCE ENFORCEMENT

Question: The enforcement budget for stationary sources is proposed to be almost half of the 1982 level. Personnel is to be reducted by 30%. What effects will these reductions have on the Agency's 1,835 source inspections in 1983 and the rest of the enforcement workload?

Answer: A significant portion of this decrease, 39 permanent workyears, is directly attributable to resources transferred to our new Office of Legal and Enforcement Counsel and further adjustment will be made during 1982. In addition, the elimination of the Regional Enforcement Divisions unnecessary overhead after the reorganization last year saved 40 more workyears. These two changes, which have no programmatic detrimental effect, account for 57% of the apparent "reduction."

The remaining resource savings (13% not 30%) result from a greater focus on significant major violators in areas not attaining air quality standards, and greater efforts to provide guidance and assistance to States so that they may take a larger role in enforcement actions.

The reorganization of the enforcement program directly with air programs will yield efficiencies in State Implementation Plan review, permitting activities, compliance monitoring, and enforcement activities. Due to all these reasons the reduction in EPA's budget should not adversely affect the level of inspections or the enforcement program in general.

AIR OXIDANTS

Question: The budget for research into the environmental processes and effects of photochemical oxidants is proposed to be reduced by approximately 50% from its current level. What effect will this reduction in effort have on the Agency's ability to quantifiably assess the impact that the many hazardous oxidants have on agriculture, urban living, and any other direct or indirect aspect of human life and well being?

Answer: While the program has reduced funding for fiscal year 1983, especially in its urban scale modeling and crop loss assessment programs, no major impacts are anticipated. Some research activities have been completed and others have been refocused. For example, work in the development of first-generation urban scale ozone models will be close to completion in the fiscal year 1982 program. As a result of this research, three photochemical models and one empirical model for urban scale ozone will be available. The fiscal year 1983 emphasis will be the development of second-generation models which will not be as resource intensive as the first-generation model development effort. In another area, oxidant research, the crop loss assessment program will be accelerated with additional fiscal year 1982 funds to develop dose-response functions for a large number of crop species (up to 75% of the total United States crop value) which will be used in a national economic assessment.

RESEARCH DELAYS IN WATER QUALITY RESEARCH ON LONGER-TERM EFFECTS OF TOXIC POLLUTANTS

Question: The proposed decreases in the environmental processes and effects portion of the Water Quality budget may have, as stated in the justification, no immediate impact on the current planning and regulatory needs but will hamper longer-term research and planning efforts. What are the justifications for delaying the research that is necessary to determine the longer-term effects that toxic and other water pollutants may have?

Answer: The proposed reduction in the water quality area reflects EPA progress and successes in a number of research areas. The water quality criteria documents for the 65 priority pollutant families have been prepared and reference methods for their measurement have been produced. In addition, research on eutrophication problems in the Great Lakes essentially has been completed. Much of the basic information required for water quality monitoring has been developed for use by the States, as have many of the techniques and models required to analyze specific water quality problems. The resources which are proposed for fiscal year 1983 for this area will be largely targeted to filling data gaps related to the priority pollutants and to research on the effects of other toxic pollutants. Necessary

14-067 O - 83 - 54

research will not be delayed. The level of effort proposed should be adequate to meet future regulatory needs and reflects the relative priority of this work against other Agency needs which are more significant in the near-term.

EPA DRINKING WATER RESEARCH PROJECTS TO BE COMPLETED

IN FISCAL YEAR 1982

Question: A number of on-going research projects concerned with the quality of the Nation's drinking water are scheduled to be completed during this fiscal year. Please detail the studies and their status. If any of these studies are not completed as scheduled, does the Agency plan to submit a supplemental so that the studies will be completed and not become an impediment to our progress in assuring safe drinking water?

Answer: The attached list shows drinking water research studies which EPA expects to complete in fiscal year 1982. All of these are currently on schedule. Therefore, EPA does not anticipate any need for a supplemental in order to complete these research projects.

- Provide standardized test procedures for organic contaminants to support possible regulatory action
- Manual to determine mechanical integrity of injection wells
- Manual for determining allowable local septic tank density in terms of protection of ground water
- Report on subsurface biological characterization in terms of contaminant transport
- Man's exposure to halogenated organics from his drinking water
- Complete studies of the dose-response of chloroform carcinogenesis in long-term bioassays in rats and mice
- Syrian cardiomyopathic hamster as a screen for cardiovascular effects
- Evaluate the toxicological data base on chemicals entering water supplies from gasoline or fuel oil #2 spills
- Identification of water soluble constituents of petroleum products
- Conduct studies to measure the transplacental toxicity of chemicals in drinking water
- Evaluation of methods for isolation of organics from water for toxicity testing
- Develop a short-term in vivo assay for bladder cancer using microvilli and concanavallin in agglutinizable cells
- In vitro DNA damage as a potential tier 1 assay for drinking water
- Development of methods to assess toxicity in conductive elements of the heart
- Studies of drinking water and cancer in Iowa
- A study of cancer and the public drinking water supplies of Missouri

- Case-control study of water quality and colon cancer in Pennsylvania
- Comparisons of occurrence and levels of drinking water constituents among 12 matched pairs of high and low cancer mortality counties of the United States
- A case-control study of chlorinated drinking water and respiratory cancer
- Analysis of selected coal tar and asphaltic paints and coatings
- Test carcinogenicity of coal tar bituminous and asphaltic coatings on the Sencar mouse and Ames assay
- Evaluation of health effects of polyphosphates interaction with essential trace metal metabolism
- Longitudinal evaluation of lead body burden in growing children
- Effects of exposure to waterborne barium on the levels of barium in deciduous teeth
- Effects of barium on blood pressure in the rat
- Effects of barium on EKG and non-epinephrine-induced arrhythmias
- Study the chronic toxicity of barium
- Gastrointestinal absorption and transplacental transfer of barium
- Chromosomes studies in human subjects exposed to arsenic in drinking water
- Determine human body burden and effects of arsenic and selenium in areas of occurrence in drinking water
- Assessments of relationships between exposure to nitrates in drinking water and stomach cancer in Wisconsin
- Workshop on the health effects of ingested asbestos
- Assessment of health impact of filtering asbestiform fibers in Duluth
- Carcinogenicity of four asbestiform materials in the rat and hamster
- Rate of accumulation of asbestos fibers in tissue from exposure through ingestion
- Epidemiological studies on the effects of ingested asbestos in the Pacific Northwest water supplies
- Effects of mineral particles on the metabolism and DNA binding of chemical carcinogens in treacheal esophageal and colon epithelium
- Effects of waterborne sodium on blood pressure
- Relationship of sodium and other inorganic constituents in drinking water to hypertension in Connecticut
- Occurrence of aluminum in drinking water
- Effects of hard and soft water constituents on the development of cardiovascular disease
- Determine the toxic effects of organotin stabilizers on the central nervous system
- Determine the extent to which organotin stabilizers are absorbed across the gastrointestinal tract and into the fetus
- Epidemiological study of population exposed to drinking water from deep wells that are recharged with treated wastewater
- Review of epidemiology studies involving ingested asbestos
- Surveillance of waterborne illness in Colorado

- Surveillance of waterborne illness in Vermont
- Surveillance of waterborne illness in Washington
- Drinking water and Legionnaires' disease
- Concentration of Giardia cysts from water on particulate filters
- Electropositive methods for virus concentration from raw and finished water
- Determine occurrence of viruses in finished water produced by a treatment system modified to reduce trihalomethane (THM)production
- Bacteria removal by filtration
- Complete evaluation of erosion of asbestos from asbestos cement (A/C) pipe
- Fixed bed granulated activited carbon (GAC) treatment of organic removal
- Reactivation of GAC beds and treatment to remove organics
- Treatment of water for removal of organics with ozone and GAC
- Index for predicting corrosion in metal pipes
- Removal of THM precursor using ozone combined with GAC
- Removal of THM precursors by coagulation
- Removal of organic substances that are potential carcinogens
- Renovation of Mobile Water Quality Laboratory
- Evaluation of package plants for use by small communities
- Study of surface films formed by corrosion in distribution systems using Reman Spectroscopy
- Development of financial reporting system for drinking water utility management
- Design model for water supply unit processes
- Impact of acid rain on drinking water quality
- Regional case study - Dallas, Texas
- Conduct seminar on small drinking water systems technology
- Carbon - 14 Indicator Measurements
- Giardia disinfection evaluation
- Disinfection of Hepatitis A Virus
- Field evaluation of alternate indicators for disinfection in systems with GAC filters
- Reaction of nitrogenous compounds with chlorine
- Home Treatment Microbial Barrier

TOXIC SUBSTANCES

Question: What is the status of the Office of Toxic Substances' ability to achieve its 1982 program research objective of developing improved, validated, and cost-effective methodologies that predict transport and fate of toxic chemicals in the environment, its ecosystems and component species?

Answer: One of several Office of Toxic Substances research needs is development of methods that predict transport and fate in, and effects of chemicals on, environmental components. To date, some methods have been completed, improved and validated, particularly in the area of fate testing. Modeling transport and fate predictions require additional work. The improvement of current methods should include an understanding of such complex mechanisms as bioavailability, a relatively unexplored area of research.

Question: Since achieving this objective is critical in evaluating environmental risks under Section 4 and new chemicals under Section 5 of TSCA along with future toxic chemical research, will the Agency request a supplemental if achievement is not possible by the end of this fiscal year?

Answer: The Agency plans no specific supplemental request, but will continue a high level of support for this research from its allocated funds.

Question: How contingent is the scheduled work financed by the 1983 budget on the completion of the 1982 program research objective?

Answer: Some methods will be completed in fiscal year 1982. Additional methods and their validation are scheduled for completion in fiscal year 1983 and beyond. This work continues to receive a large share of research attention. It is an ongoing process, responsive to continuing reflections of newly discovered needs and guidance from the Office of Toxic Substances, and the complexities of diverse scientific issues.

REDUCTION IN NCTR FUNDING

Question: The Agency is planning to reduce its budget for the National Center for Toxicological Research by approximately 50% with the desire to have research that is done concentrated on shorter-term effects of toxic substances. What effects will this have on longer-term research, planning and regulation needs concerning toxic substances?

Answer: The effects of reducing the budget for the National Center for Toxicological Research (NCTR) will be minimal. The Center concentrates its efforts in conducting long-term, low-dose bioassay testing. Long-term bioassay work is not a major part of the Agency research program. We, therefore, do not depend on NCTR for our long-term research needs. EPA's long-term research needs are being met through the Centers of Excellence program and the Exploratory Grants program. In the Toxics-Health area alone, $1.4 million is being spent in these two programs. For example, the Exploratory Research Grants program has funded fertility research at the University of California-Davis on methods of assessing the impact of environmental chemicals on human fertility and research to develop a valid in vitro assay for fibrogenesis using cultured pulminary macrophages and fibroblasts. The University of Pittsburgh is focusing on long-term health issues, such as epidemiology studies on the effect of toxic substances.

It is plain to see that in spite of the cut in support to NCTR, EPA's long-term research needs are still being met. Therefore, NCTR support in this area is not a high funding priority. Additionally, in the future, as in the past, NCTR research support for the Agency's longer-term testing will be individually negotiated as special needs arise.

ACID RAIN

Question: The increase of approximately $3 million for research on acid precipitation will accelerate EPA's efforts to perform the research in 5 years instead of 10 years that was originally planned. Will this affect the attainability of research results since most of the serious effects of the increased acidification on rain are not apparent in 5 years and are of a longer-term nature?

Answer: The intent in increasing acid deposition research funding is to provide more information sooner. We recognize that information will only become available incrementally, and that some concerns such as the impacts of deposition on forest growth and crop productivity require a number of years of research.

SYNTHETIC FUELS

Question: In the past, the Federal government and EPA has not dealt with an environmental problem until it was quite apparent. With synthetic fuels, the situation is different in that we are in the position, through research, to foresee future problems and be able to find solutions to them in advance. What, then, are the reasons for decreasing research on air, water and solid waste releases from synthetic fuel development processes and uses and the shifting of emphasis away from alternative control technologies?

Answer: Several reasons influenced our decision to decrease synfuels research efforts in fiscal year 1983. First, we have already invested a significant amount of resources in synfuels research. Between fiscal years 1975 and 1982, EPA will have invested approximately $59 million in synthetic fuels research. We have gathered data characterizing emissions/effluents/solid wastes, and evaluated associated control technologies as to their performance and costs for a variety of laboratory, bench scale and pilot plants, both foreign and domestic, as well as from several foreign commercial size plants. In support of our integrated risk analysis program, we have developed data bases and methodologies for health, environmental and exposure assessments for emerging energy technologies. We are also developing a technical monitoring manual on both source and ambient monitoring for coal and oil shale conversion plants.

Second, several products, assisting both industry, the Regions and States, will have been produced by year's end. These include technical manuals for 4 oil shale and 5 coal conversion pilot processes which provide information on pollutants, waste streams and control technology alternatives. We have also developed a generic site model for use in energy-related risk analysis which assesses the sources, pathways, exposure and risk resulting from multimedia emissions from synfuel plants.

Third, the pace of the synfuel industry has slowed considerably. The stabilization of imported oil prices, high interest rates and evolving technology processes have slowed considerably the original pace at which the synfuels industry was to mature. The recent closing of Exxon's Colony oil shale project represents a case in point. Because of these factors, we believe that a very limited number of commercial synfuels plants will be operating before 1990, and that the research required to determine an acceptable volume of pollutants cannot be answered until the synfuels industry develops further. We also believe that the technical manuals being completed in fiscal year 1982 will address the control technologies and waste streams associated with a large percentage of these processes.

Fourth, we believe that our proposed budget of $6.4 million in fiscal year 1983 for synthetic fuels research is consistent with environmental, industry and research needs. With these resources, we will continue to assess alternative control technologies, but greater emphasis will be placed on producing new or upgraded human health assessments as well as environmental risk analyses for different synfuel processes. Similarly, we will continue to emphasize technical assistance to the Regions and States in evaluating environmental impact statements and permit applications for synfuel plants.

Finally, we believe that our research efforts are comparable to industry advances in this area and that the synfuels industry has both the capability and resources in many instances to develop needed control technologies once the nature of the environmental problem has been identified.

RESEARCH DATA BASE ON THE CHESAPEAKE BAY

Question: Given the uniqueness, size and complexity of the Chesapeake Bay estuarine ecosystem, is five years of data an adequate data base for the analysis of the problems addressed by the Chesapeake Bay Study?

Answer: Yes, since the Chesapeake Bay Program (CBP) started in fiscal year 1976, we have directed approximately $13.5 million of research funds into the program. Region III directed an additional $13.8 million under the Abatement Control and Compliance appropriation, giving a total investment in the program of approximately $27.3 million.

The research investment has yielded significant progress in reducing uncertainty regarding the scientific understanding of the reasons for concern in each problem area addressed by the Chesapeake Bay Program (CBP), i.e., toxics, nutrients and the decline of submerged aquatic vegatation. This increased understanding of the system has resulted largely from the data base acquired through research funded by the CBP along with the analysis of the computer data base composed of all major water quality studies conducted in the Bay system in the past century.

The data base of the CBP is the first significant comprehensive data base on the Bay. It will serve as a reference to assess future changes and toxic chemical enrichment of the system. The program has advanced the understanding regarding the ways societal activities affect the processes influencing water quality and the health of our living resources. The CBP has increased the understanding of the system to a point where water quality managers can make significantly better decisions regarding their use. We feel that the existing data base is fully adequate to address future Chesapeake Bay concerns.

CHESAPEAKE BAY RESEARCH STUDIES

Question: Please detail the research studies and their expected completion dates done under the Chesapeake Bay Study.

Answer: The Chesapeake Bay Program (CBP) will produce a wide range of technical and research reports. These reports can be separated into three major categories.

I. Chesapeake Bay Program Reports

Reports are a synthesis of the findings and recommendations of the CBP. Expected completion date for these reports is September 30, 1982.

II. Technical Research Reports

Reports are a selection of the major final research reports. Expected completion date for these reports is September 30, 1982.

III. Characterization and Management Study Reports

These reports define existing conditions of the Bay with respect to water quality variables and living resources and provide a plan for improved management of the Bay ecosystem. These reports will be completed by January, 1983.

Question: Will the results of these studies be readily available to the scientific community and the general public?

Answer: The scientific community and the general public will have access to these studies from EPA or through the National Technical Information Service (NTIS).

INVOLVEMENT WITH THE CHESAPEAKE BAY PROGRAM

Question: What is the Agency's position regarding its involvement with the affairs and research of the Chesapeake Bay estuarine ecosystem? Please provide justifications for this position.

Answer: EPA has been highly supportive of the five-year Chesapeake Bay Program (CBP) and has designated the Philadephia Regional Office to recommend long-term institutional arrangements. Region III has been working with the CBP Annapolis office and the Management Committee to ensure that the cooperative working network among EPA and the states will continue in the years to come and to ensure the successful transfer of technical information to appropriate State and Federal offices. In this regard, the Philadelphia Regional Office will produce the technical reports which will include characterization reports, synthesis reports, and the management study. Management alternatives will include options that can assure continued coordinated monitoring of the Bay.

In addition, to support CBP's final products, EPA has expressed interest to the Management Committee in retaining the CBP computer and data base until a determination of the computer's alternate disposition is agreed upon.

Research on water quality and sediment issues relevant to the Chesapeake Bay will continue through EPA's Office of Research and Development (ORD). EPA has recently designated a representative to serve on an ad hoc committee with the National Oceanic and Atmospheric Administration (NOAA) to work on Chesapeake Bay issues.

Although the Congressionally mandated program will be completed in fiscal year 1982, we feel assured that many of the cooperative arrangements developed during the course of the program among the various State and Federal agencies, academic institutions and the private sector will continue through several informal and established mechanisms.

ENVIRONMENTAL POLICY AND CONTROL TO STATES

Question: The 1983 budget justification document leaves me with the impression that EPA is trying to abdicate its ability to direct environmental policy and control over environmental pollution to the States. Unfortunately, in most instances, pollution does not recognize State boundaries. Is this the proper approach to these issues which are national and sometimes international in scope and impact? Do all the States have adequate trained personnel and finances necessary?

Answer: You are certainly correct in saying that much pollution does not recognize State boundaries. To respond to that problem, we are maintaining a strong agency that meets its statutory responsiblities through establishing national regulations and guidelines, through conducting research on transregional pollutant transport, and through issuing guidance and providing assistance to the States.

Nevertheless, most of our laws recognize that, although EPA attends to national policy matters, the States must be at the forefront in day-to-day management of pollution abatement. The States have the primary responsibility to prevent, reduce, and eliminate their water pollution, to put State Implementation Plans in place for air pollution, to regulate hazardous waste, and to ensure safe drinking water, among other environmental responsibilities. They do so by implementing national laws and observing national standards set by EPA. In fact, EPA directly implements a program only in cases where a State is unwilling or unable to accept delegation.

As long as the States carry out their mandates EPA will have carried out its own. And we have no reason to doubt the States' commitment to the goals of our national laws.

The States are concerned about training and finances necessary to carry out their responsiblities. EPA naturally encourages them to train their staffs, although we have found that national programs to provide training have not generally been as effective as local training to meet local problems. We certainly consider adequacy of finances and of training for personnel when delegating our programs; we do not believe that our current proposals for State grant support will materially affect the States' position on these two matters, primarily because we are continuing to reduce other workload demands on the States through reforms and streamlining in all our programs.

OCEAN DISPOSAL PERMIT PROGRAM

Question: Has the proposed budget adequately provided funds to cover the ocean disposal permit program?

Answer: Yes, the proposed budget has provided the necessary funds to implement the ocean disposal program, namely, 24.3 permanent workyears (an increase of 1.0) and $3.6 million (an increase of $460 thousand).

Question: What are the 14 EIS's for ocean disposal of dredged material for 1983 and their proposed costs, for example, and please also detail the expected costs of the other functions of this program.

Answer: EPA and the Corps of Engineers have conducted studies on 32 ocean dumping areas. The surveys have been completed for these areas and the data will be evaluated in 29 EIS's. Of these 29 EIS's, 22 are being prepared under the court settlement with the National Wildlife Federation. A schedule for the preparation of the 29 EIS's appears below. EPA requires approximately $378,000 to evaluate these sites.

The Agency requires approximately $3.2 million to carry out a variety of other activities related to the ocean disposal program. These include surveying municipal and industrial disposal sites, characterizing municipal and industrial wastes, preparing statutorily mandated reports for Congress and the International Marine Consultative Organization, managing the ocean dumping permit program, and providing technical assistance to permit writers in designing NPDES permit conditions for ocean dischargers.

Question: What is the Agency's position on ocean disposal of any and all materials and the justification for this position.

Answer: The Agency's position is to adhere to statutory requirements of Title I of the Marine Protection, Research, and Sanctuaries Act (MPRSA), which authorizes the Agency to issue ocean disposal permits to potential users able to meet environmental criteria. The criteria for reviewing permit applications consider the need for dumping, the effect of dumping on human health and welfare and marine ecosystems, and the effect of dumping particular materials in selected areas.

PROJECTED OCEAN DUMPING EIS SCHEDULE (as of 2/19/82)

Site	Draft	Final
**New York 106 Mile	6/25/79*	2/27/80*
**New York Acid	11/27/79*	12/01/80*
**Hawaii	10/20/79*	9/30/80*
North Atlantic Incineration	12/29/80*	12/18/81*
**Vieques, Puerto Rico	6/19/81*	12/18/81*
**San Francisco Channel Bar	2/26/82*	7/82
**New York Mud Dump	2/19/82*	7/82
**New York Cellar Dirt	3/26/82*	8/82
**Jacksonville, Fla.	5/82	9/82
**San Juan, Puerto Rico	5/82	10/82
**Galveston, Texas	6/82	11/82
**Columbia River	7/82	12/82
**Portland, Maine	8/82	1/83
**Tampa, Fla.	8/82	1/83
**Sabine-Neches, Texas & Louisiana	9/82	2/83
**Wilmington-Charleston-Savannah	10/82	3/83
**Pensacola-Mobile-Gulfport	11/82	4/83
**New Jersey-Long Island Inlets	12/82	5/83
**Long Beach	1/83	6/83
**Coos Bay	2/83	7/83
**Humboldt Bay	3/83	8/83
**San Diego	4/83	9/83
**San Francisco 100 Fathom	5/83	10/83
Calcasieu Bar	6/83	12/83
Atchafalaya	7/83	1/84
Houma	8/83	2/84
Barataria Bay	9/83	3/84
S.W. Pass Mississippi River	10/83	4/84
Mississippi River Gulf Outlet	11/83	5/84

*Actual date
**Being prepared pursuant to settlement agreement in National Wildlife Federation v. Costle.

WATER QUALITY COMPLIANCE MONITORING

Question: What will the reduction in Water Quality Enforcement have on effective NPDES compliance monitoring?

Answer: About half of the apparent reduction in resources for the Water Quality Enforcement Budget is attributable to the transfer of legal enforcement functions from the Office of Water to the Office of Legal and Enforcement Counsel. The new organizational structure will have no negative impact on our compliance monitoring program; in fact, the reorganization made compliance the primary focus of the Water Enforcement program by consolidating litigation resources elsewhere in the Agency.

In fiscal year 1983, we expect a slight increase in the number of Federal inspections over fiscal year 1982 because of an increased emphasis on compliance evaluation inspections relying on permittee-generated self-monitoring data. The success of our quality assurance program for self-monitoring data allows us greater confidence in the permittee's monitoring and a decrease in the need for EPA to take and analyze effluent samples. While we will continue to conduct independent evaluations of effluent data in appropriate cases, the number of cases requiring this level of effort by EPA inspectors will be less than in past years. Moreover, we have achieved a very high rate of compliance with the July 1, 1977 requirements (about 96 percent) for industrial permittees. Municipal compliance rates, while not so high, are steadily improving. This means that the number of enforcement actions and follow-up inspections required should generally decline as the remaining instances of noncompliance are resolved.

DRINKING WATER - PUBLIC WATER SUPPLY

Question: Is it an assumption of the Agency that the Federal role in the supervision of public water supply programs and in complementing State management activities should be lessened and the States left to assume these responsibilities. Do all of the States have both the finances and expertise necessary to allow the Federal Government to bow out? If not, which do and do not?

Answer: The Agency will continue to implement its statutory mandate of direct implementation in States that do not choose or qualify for primary enforcement responsibility. We are reducing our oversight activities of States with primacy somewhat since their programs conform with our statutory and regulatory requirements. The primacy States have been receiving grants since fiscal year 1977 totaling approximately $128,000,000.

The States now have established programs that allow the Federal contribution to be reduced. In one case (Iowa) a State with its own fiscal crisis turned back primary responsibility, but this year the State will resume its program.

DRINKING WATER - STATUTORY REQUIREMENTS

Question: Which are the primary statutory requirements concerning the quality of our drinking water in the opinion of the Agency?

Answer: In the Safe Drinking Water Act, the primary statutory requirements concerning the quality of our drinking water are to promulgate drinking water standards, to delegate

primary enforcement authority to those States willing and able to undertake it, to implement a program in other States and Indian lands, to assure that underground sources of drinking water will not be endangered by underground injection, and to designate and provide for the protection of sole source aquifers by assuring that Federal financial assistance is withheld from projects that may contaminate them. In addition the Agency has authority to provide technical assistance to States and public water systems facing drinking water contamination problems.

In addition to these authorities, the Agency believes that other statutory authorities designed to prevent contamination at the source such as RCRA, Superfund, and the Clean Water Act are important to assuring the quality of drinking water.

Question: How will the proposed cuts in both personnel and equipment affect the Agency's ability to achieve the statutory requirements without undue delay?

Answer: The proposed cut will not impair our ability to meet the statutory requirements. We are not requesting funding related to the control of additives in drinking water and are redirecting remaining resources to support priority program activities. The program will promulgate revised standards which will streamline regulatory requirements while still maintaining adequate protection of drinking water supplies. Because of these reduced regulatory requirements, the Regions will be able to reduce oversight of State enforced programs and redirect their activities to implementing programs in States which do not have primacy.

DRINKING WATER - TRAINING PROGRAMS

Question: Many Federal programs are being proposed to be shifted to the States under the Administrator's New Federalism. Is it in the Agency's opinion that all of the States have adequate trained personnel, supplies and facilities to maintain or increase the current programs dealing with the quality of our drinking water? If not, which States will require further Federal assistance?

Answer: Yes, the Agency feels that States have adequately trained personnel. The Agency provided academic training opportunities to State agency employees for the past 5 years. During fiscal year 1981, 61 State water supply employees received additional training in the drinking water field through fellowships. We expect to provide funding for approximately 119 State-nominated employees out of a nomination list of 189 submitted by the States. In addition, there have been numerous courses presented by EPA aimed at State agency personnel. No survey has been conducted by EPA regarding the adequacy of State supplies and facilities.

CHESAPEAKE BAY

Question: What are areas of further study that, in the opinion of the Agency, should be done on the Chesapeake Bay? If further research is warranted, what should their funding source(s) be, what Federal agencies should be involved, and who should perform the research?

Answer: EPA believes that additional research on the Chesapeake Bay is unnecessary since all fundamental research work was completed in fiscal year 1981 and the dissemination of research results is being completed during fiscal year 1982. The affected States have at their option a variety of funding mechanisms under the Clean Water Act, i.e., Sections 106, 205(g) and 205(j), to carry out any further implementation projects where appropriate.

Questions Submitted by Senator D'Amato

LOVE CANAL REPORT

Question: As you are aware, New York State is ready to proceed with the long-awaited cleanup activities at the Love Canal, as authorized by the Superfund legislation. However, the State cannot proceed with this cleanup until a study of health effects at the Love Canal is completed by EPA. The report was originally due to be released in December, 1980. Despite repeated promises that it would be forthcoming, the report has yet to be made public.

The longer it takes for this report to be released, the more money it will cost to complete the activities at Love Canal. What is the status of the report, and when will it be completed?

Answer: The draft EPA Love Canal final report was completed on April 5, 1982 and is currently undergoing an extensive external peer review by the National Bureau of Standards. The EPA Love Canal final report will be issued after revisions necessitated by the National Bureau of Standards review have been performed. At this point it is not possible to estimate precisely when the EPA Love Canal report will be released.

PASNY POWER PLANT AT TRAVIS, STATEN ISLAND

Question: As you know, the Power Authority of the State of New York has proposed construction of a 700-MW coal and refuse-fired power plant at Travis, Staten Island. I am opposed to the construction of this facility because of its obvious negative environmental impact on the people of Staten Island. Nevertheless, in March, 1982, the Acting Regional Administrator of EPA Region II issued a Prevention of Significant Deterioration (PSD) permit, which will enable construction of the plant to proceed. I understand that you are currently reviewing the issuance of this permit. What is the status of this review?

Answer: EPA has only recently received appeals to its decision to issue a PSD permit to the Power Authority of the State of New York for a proposed power plant at Travis, Staten Island. Preliminary review of these appeals indicate that a number of complex issues will need to be studied before the appeals can be resolved. At this time it is not possible for EPA to estimate a schedule for resolution of the appeals. The issuance of the PSD permit for the plant will be stayed during the course of the appeals process.

HUDSON RIVER PCB RECLAMATION PROJECT

Question: Public Law 96-483 provides for authorization of the Hudson River PCB Reclamation Demonstration Project. I have expressed my concern in the past with this project as it is currently proposed. I do not believe that the EPA's Environmental Impact Statement responds adequately to the effects of the dredging procedure on drinking water in localities along the Hudson River which do not use activated carbon filtration systems. I am not satisfied that the EIS is consistent with P.L. 96-483, as it requires "that no pollutants removed pursuant to this (law) shall be placed in any landfill unless the Administrator first determines that disposal of the pollutants in such landfill would provide a higher standard of protection of the public health, safety, and welfare than disposal of such pollutants by any other method including, but not limited to, incineration or a chemical destruction process." Furthermore, I am concerned that there is strong evidence the proposed dredging procedure will greatly increase the levels of volatization.

EPA has not yet made a final determination on whether to proceed with this project. What is the status of EPA's review?

Answer: The Draft and Supplemental EISs note that there are two towns within 100 miles of the proposed dredge sites on the Hudson that obtain their drinking water from the river. One of these is approximately nine miles downstream of a "hot spot" or critical site. The other is about 100 miles from the nearest "hot spot." Both towns use rapid sand filtration systems as their method of water treatment. Analysis in the EISs, based on testing at past dredging sites where PCBs were involved, indicates that PCB contamination is not detectible greater than one mile from a dredging operation.

The Draft and Supplemental EISs do address the issue of the Administrator's responsibility to determine whether other methods of PCB disposal can provide higher levels of protection than a landfill. The Administrator will make this determination prior to the disposal of any pollutants, as required by Public Law 96-483.

The Draft and Supplemental EISs note that any action that disturbs the sediment will increase volatization. They also note that this will occur even if the PCBs are left in the river.

EPA's Region II office has prepared a draft of the final EIS which is currently undergoing review through the Agency's formal peer review system. The State of New York has recently completed its siting determination. Upon completion of the peer review process, the Regional Administrator will prepare a recommendation to the Administrator on the overall project.

14-067 O - 83 - 55

Questions Submitted by Senator Huddleston

AIR PROGRAMS - NEW SOURCE PERFORMANCE STANDARDS

Question: In your justification (A-9), you indicate the completion of new source performance standards (NSPS) for all major stationary sources will not be accomplished by the 1982 date mandated by the Act. Why not?

Answer: By the end of fiscal year 1982 we expect to complete 60 percent of the required NSPS. By the end of fiscal year 1983, 77% will be completed. This is an improvement of 17% over 1982. Previous delays were related to three principal areas (1) developing data bases to support the standards; (2) issues surfacing late in the project. The 34 month schedule from start to promulgation assumes that the industry can be assessed and best controlled sources identified and tested in 10 months. This is often impossible because of plant shutdowns, strikes or malfunctions or because existing test procedures are inadequate. EPA development of NSPS usually prompts the affected industry to analyze costs and pollution emissions independent of EPA analysis. These industry studies often result in new issues being raised 18 to 24 months into the development period. Analyses can delay promulgation significantly; and (3) a temporary diversion of funds during 1982 to focus on the development of volatile organic compound Control Techniques Guidelines. The states needed further guidance in this area to prepare plans for attainment of the ozone standard. It was felt that the environmental benefit of bringing these existing sources under control was greater than the small loss of environmental benefits resulting from the slight delay in standards development for new sources (NSPS).

Question: When will it be accomplished?

Answer: We expect to have standards in place for almost all major sources by 1984. This represents a total of approximately 86 standards.

	Cumulative Promulgations	Promulgations	% NSPS Completed
Fiscal Year 1981	37	3	43%
Fiscal Year 1982	51	14	60%
Fiscal Year 1983	66	15	77%

Question: How much will be spent on this in fiscal year 1983?

Answer: Funding levels in fiscal year 1983 have increased slightly over fiscal year 1982 ($7.2 M in fiscal year 1982 vs. $7.9 M in fiscal year 1983). However, in evaluating funding levels for this activity, it is important to note that the primary need for contract expenditures for NSPS development is required at the beginning of the process through proposal. Much of this work is nearing completion; consequently, the total level of extramural resource need associated with the promulgation phase is expected to decline.

Question: How much will be spent in the out years?

Answer: No budget projections have been developed past fiscal year 1983.

STATIONARY SOURCE ENFORCEMENT

Question: You also note that the stationary source enforcement program will shift emphasis to focus on major sources in non-attainment areas (A-9).

Why this shift in focus?

Answer: EPA believes focusing its emphasis on the largest violators in non-attainment areas is a more cost-effective use of its resources. Sources in the 250 tons/year category have a higher violation rate than other major sources. In addition, the potential emissions reduction from obtaining compliance by these sources is relatively the greatest and the impact in terms of air quality is the most significant.

Question: What about those sources you consider non-major?

Answer: We believe that States, with an active program of EPA technical support, will generally be able to address non-compliance problems involving sources with an emissions potential less than 250 tons/year as well as those involving larger sources.

Question: How did you determine the "major" criteria (those with an emissions potential with controls of 250 tons per year or more)?

Answer: The criterion of 250 tons/year was chosen because it represented a relatively well-defined universe of major sources, including the most significant source categories (e.g., power plants, iron and steel, smelters) which have required special attention in the past as presenting particularly difficult compliance issues.

STATIONARY SOURCE - AIR PROGRAMS

Question: You note that revisions of the nitrogen dioxide and sulfur dioxide standards will be proposed (A-79).

Answer: Section 109 of the Clean Air Act of 1977 mandates that at 5-year intervals EPA must review and, if warranted, revise the national ambient air quality standards (NAAQS) for criteria pollutants. The NO_2 and SO_2 NAAQS were originally promulgated in 1971 under authority of the Clean Air Act of 1970. Revised criteria documents for NO_2 and SO_2 have been prepared and reviewed by the Clean Air Scientific Advisory Committee (CASAC). A staff paper interpreting the data in the NO_2 criteria document for use in the standard-setting activity has been reviewed and concurred on by CASAC. The first draft of the SO_2 staff paper was reviewed by CASAC on April 26, 1982. Revised or reaffirmed NAAQS for both pollutants will be proposed in the first half of fiscal year 1983.

STATE IMPLEMENTATION
PLAN PROGRAMS

Question: You note that national management and oversight of major SIP programs will continue, with policy and technical guidance focused on high priority issues such as regulatory reform. Please explain.

Answer: We previously responded that EPA intends to continue to provide guidance and technical assistance to the States on air pollution control problems. This effort will include, among other things, the management and oversight of major SIP programs and the identification and follow-up on various regulatory reforms. Resources for activities such as these will be made available partially through savings in resources that would have otherwise been expended on detailed reviews of individual SIP revisions. The regulatory reforms that we intend to pursue are greater utilization of the bubble/banking concept, increased use of State operating permits instead of SIP revisions to the extent consistent with the provisions of the Clean Air Act, and increased use of innovative SIP processing techniques.

SECTION 105 - AIR PROGRAMS

Question: What special projects were funded in fiscal years 1981 and 1982 under Section 105? How much would you expect to be spent in fiscal year 1983 on special projects?

Answer: EPA has contracted for support to State and local control agencies over a several year period. The purpose of this program is to make available additional technical skills for SIP-related State and local program activities. Each year the State and local control agencies participate with EPA Regional Office personnel in the decision process designed to indicate which activities will be handled through the contracting mechanism.

In 1981 decisions were made to use $6,258,200 of 1981 Section 105 funds for high priority contracting activities at the State and local level. It is estimated that in fiscal year 1982 $3,800,000 will be used by the States for this contract support. The projects for which these funds were used include contracts for particulate matter sampler filter purchases, meteorological data collection, the improvement and operation of State and local data systems, improvements of monitoring networks, the development of emission inventory programs, and other activities and operations of State/local control agencies. The contracts are usually specific to the area in which they are performed.

The State and local control agencies have found this special contract support to be an efficient method of obtaining technical and skilled assistance for solving problems in carrying out the SIPs. It is anticipated that the State and local control agencies will continue funding special support activities in 1983. The actual level of contracting is not usually determined until after negotiations with the State and local agencies. However, historically the amount of Section 105 funds used for special support has averaged approximately 5 percent of the total Section 105 budget.

FUNDING OF AIR AND WATER STATE GRANT PROGRAM

Question: What is the Administration's proposed budget for state program grants to fund State air programs? Water programs? What are the projected dollars figures for Kentucky for these programs?

Answer: The Administrator's proposed budget for State air program grants to fund State air program in fiscal year 1983 is $69,954.700. In fiscal year 1982 Kentucky has already received $1.33 million and Louisville has received $.39 million. The State is also receiving $.30 million in contractor support (paid for out of grant money) in lieu of cash. In addition, $.69 million is being held for Louisville's inspection/maintenance program, if they agree to commit to this program. The allocation for Kentucky in fiscal year 1983 will be determined on the basis of funds negotiations between our Regional Office and State officials and we are unable at this time to indicate what the amount will be.

In the water programs Kentucky will receive $.75 million in Section 106 grants, and $.47 million in drinking water grants during 1982; as compared to a projected 1983 level of $.60 million and $.38 million, respectively; on a national basis the 1983 budget request is $40,845,600 for Section 106 grants, and $29,100,200 for drinking water grants.

GOVERNMENT SPONSORED LOCAL AIR PROGRAMS

Question: How will local government-sponsored air programs be supported in the future? Jefferson County, KY runs its own program.

Answer: Local government-sponsored air programs are an important complement to State-run programs, consistent with the need to avoid duplication or overlap between local programs and State programs; and the Agency intends to continue to foster such programs. In fiscal year 1982, Jefferson County (Louisville) has received $.39 million grant funds. Also, $.69 million is being held in reserve for Louisville, pending their commitment to an inspection/maintenance program. In addition, a large portion of the $.30 million the State is receiving in contractor support will be used in Jefferson County for the Ozone State Implementation Plan (SIP). The allocation for Kentucky in fiscal year 1983 will be determined on the basis of funds negotiations between our Regional Office and State officials and we are unable at this time to indicate what the amount will be.

REDUCTION IN EFFORT

With regard to the States, I am told that they will receive a 20 percent cut in funds from EPA to run programs in air and water pollution control and in hazardous waste management. Add this to the fact that about 75% of the people who enforce environmental regulations work for State and local governments, then consider that many States are facing their own budget crises. The obvious result would seem to be a reduction in State enforcement without the EPA to back up the national commitment to clean up our environment.

Question: What is your reaction to this type of conjecture? Before you respond I would point out that I am fully aware that the air and water programs are "mature" and thus perhaps not subject to the need for increases in funding. This does not in my mind, however, argue for a reduction in effort.

Answer: We do not believe that reductions in resources will transfer into reductions in effort. In all our grant programs we are working actively to reduce State workload caused by unnecessary Federal requirements. Reduced program requirements, simplified regulations, and streamlined enforcement will all contribute to less resource demand in the States. Moreover, the activities some States may discontinue need not impede enforcement. Our highest priority remains the meeting of statutory requirements.

The Hazardous Waste program, for which we have proposed a 16 percent reduction, will increase its share of Agency grant resources. We have introduced regulatory reforms which will reduce the workload burden on the States. In particular, amendments to the Federal technical/permitting requirements will make it easier for some States to demonstrate substantial equivalence, thereby reducing program development costs. In addition, the results from the Regulatory Impact Analyses should identify areas for reducing permit process requirements, which will create program implementation savings.

Similar streamlining in the Air program will allow the States to devote fewer resources to nonproductive administrative

matters while concentrating on enforcement where it will make a difference. In addition, savings are anticipated through the elimination of overlapping air quality monitoring and the reduction of monitoring in areas attaining the air quality standards.

The Water program will also benefit from the Agency's efforts to let the States do their job more efficiently. In addition, Construction Grants reforms (including rewritten regulations that will reduce State paperwork) will introduce two long-term sources of funding for State water programs. Section 205(g) (State Management Assistance) now has secure funding of almost $86 million in 1983. And Section 205(j) Water Quality Planning) will be available at $24.4 million.

As more States take on delegation of the Construction Grants program, they will need fewer Section 106 grant funds for construction grants management. And Section 205(g) funds can be used for Section 402 (National Pollutant Discharge Elimination System) in cases where a State has fully funded its construction grants management and is willing to proceed in this manner.

CONSTRUCTION GRANTS - GRANTEE CAPABILITY

Question: In your justification (WQ-8) you note that major emphasis will be placed on encouraging grantees to demonstrate their financial, legal and managerial capability to construct, operate and maintain publicly owned treatment works (POTWs). How do you intend to do this?

Answer: The revised regulations require that applicants meet the following commitments and preconditions to award of construction grant funds: a plan of operation that identifies the basis to determine annual operating costs; a user charge system that will generate sufficient revenue to operate and maintain the treatment works; and a financial management system that adequately accounts for revenues and expenditures.

We are now preparing policy to implement these regulations. This policy discusses the financial information to be submitted by applicants and outlines State and EPA roles in reviewing the information. This policy also offers guidance on revenue generation programs, especially the user charge systems, and allocation of costs and administrative responsibilities under intergovernmental agreements.

To help municipalities demonstrate their financial capability, we are also preparing a Financial Capability Guidebook. The Guidebook, which we expect will be available in May 1982, will contain sample worksheets to assist applicants in evaluating the financial impact of a project on individual users and the entire community. States will also use the worksheets in their project review before certifying grant requests to EPA. The worksheets may be modified to suit local conditions. Furthermore, we will conduct workshops in May and June of 1982 to train Regional and State staff in financial capability analysis.

STATE DELEGATION - CONSTRUCTION GRANTS

Question: You indicate that at least 25 of the states will have assumed full delegation of the construction grants program by 1983. What are these states?

Answer: Full delegation of the program is defined as approximately 90 percent of workload delegated to a state, including the Corps of Engineers. Workload is defined as the total workyears necessary to operate the program if the state and Corps assumed every activity delegable under current legislation.

The following 25 states are expected to have more than 88 percent of construction grants management workload delegated by mid-1983:

Connecticut	Maryland	Iowa
Maine	Georgia	Kansas
Massachusetts	North Carolina	Missouri
New Hampshire	Illinois	Nebraska
Rhode Island	Michigan	Arizona
Vermont	Minnesota	California
New York	Wisconsin	Hawaii
New Jersey	Oklahoma	Nevada
	Texas	

Question: Why have the others not assumed full delegation of program management responsibility?

Answer: In general, the states that have not reached full delegation are those that signed agreements during late 1980 or in 1981 or are states with the smallest programs. A two to three year phase-in period dictates that these states will not be ready to assume full delegation until beyond fiscal year 1983. Six states have not yet signed delegation agreements.

The territories, except Puerto Rico, are not amenable to delegation, either because they act as the grantee themselves or because they are too small or dispersed.

MUNICIIPAL SOURCE COMPLIANCE

Question: What is the current status of compliance by municipal sources with water quality criteria?

Answer: The available information on municipal compliance applies only to compliance by major publicly owned treatment works (POTWs) with the requirements of the National Pollutant Discharge Elimination System (NPDES) permit program. The most recent information (for the quarter ending December 31, 1981), 76 percent of the major POTWs which have completed construction and are on final effluent limits for secondary treatment or better are in compliance with the effluent limitations of their permits. The NPDES Quarterly Noncompliance Reports do not contain information on insignificant, i.e., quickly resolved, instances of noncompliance, or information on minor permittees. In terms of noncompliance with effluent limits, noncompliance of major permittees which is resolved within 45 days is not reported.

WASTEWATER TREATMENT TRAINING

Question: Why are you terminating the wastewater treatment training program?

Answer: Over the past several years, EPA has been working to improve State capabilities through funding of State training facilities and curriculum and materials development. Several multi-year funded projects are still underway. We are also using fiscal year 1982 Congressional add-on funds to further improve this information base and to provide direct assistance to improve small facilities' operating performance.

The Agency believes the most effective training is that which is provided to operators on-site to deal with the individual problems of their facilities. We also believe this training is best provided by State staffs; there is now a significant State training capability in terms of the 20 State centers established under Section 109(b) and staff resource support available through Section 205(g) funds.

SECTION 205(j) STATE OBLIGATIONS

Question: On page WQ-59, you say "assuming all States obligate all eligible funds," an anticipated total of up to $24.4 million will be available under Section 205(j). What assumptions are you making about State obligation of these funds?

Answer: The 1981 Amendments provide that States may obligate up to 1% or $100,000 of their construction grants allotment, whichever is greater, to conduct activities provided for under Section 205(j). If each State chooses to obligate at the statutory limit, a total of approximately $24.4 million will be obligated. We are assuming that each State will choose to make full use of this new authority in 1982 and 1983.

SECTION 205(g) DELEGATION AGREEMENTS

Question: You also note that during 1983, EPA will renegotiate Section 205(g) delegation agreements with the states, "eliminating requirements, where appropriate, based on statutory, regulatory and administrative reforms." What type of requirements do you expect to eliminate?

Answer: The types of requirements we expect to eliminate are primarily Step 1 and 2 management activities such as preapplication conferences, Step 1 and 2 applications, review of these applications, preparation of Step 1 and 2 grant offers, plans of study, and approval of industrial cost recovery systems. In addition, the regulations will permit states with sufficient delegated authority to forward project certifications unaccompanied by the detailed applications.

DRINKING WATER - RURAL WATER ASSOCIATION

Question: You have requested no funding in fiscal year 1983 to support the State rural water association program. Why not?

Answer: The Agency expects the National Rural Water Association to expand its outside funding for the program through membership dues and State support. The Agency believes that with this support technical assistance and training, aimed at assuring that small rural water systems provide safe drinking water, will be continued.

CONSTRUCTION GRANTS SUPPLEMENTAL

Question: We still have not been able to enact a fiscal 1982 supplemental for the wastewater construction grant program. How many States are currently out of obligational funds? How many additional ones will be by June 1?

Answer: As of the end of April 1982, 38 States and 2 Territories were at least 80 percent out of fiscal year 1981 funds. It is impossible to tell which additional States will be effectively out of funds by June 1. Most States could easily obligate all available funds quickly but are in a "holding pattern" because of the uncertainties regarding the timing and amount of the fiscal year 1982 appropriation.

CONSTRUCTION GRANTS - ALLOCATION OF 1983 FUNDS

Question: Is there any point in time at which provision of the fiscal year 82 supplemental funds would be so late that they would interfere with the allocation of the 1983 funding?

Answer: There is no time at which the appropriation would be too late. States are fully capable of using both appropriations through the end of next year, and no administrative procedures would prohibit the orderly obligation of the two appropriations.

SECTION 205(j) REGULATIONS

Question: What is the current status of the Section 205(j) regulations?

Answer: The proposed revised Water Quality Management (WQM) regulations, which include Section 205(j) requirements, will soon begin the final internal EPA clearance procedure and

OMB review. This process takes at least one month; the proposed revised WQM regulations may be printed in the Federal Register in early June. Those portions of the regulations needed to award fiscal year 1982 Section 205(j) grants will be Interim Final; other sections of the regulation will be Proposed.

"JOINT PLAN" FOR SECTION 205(j)

Question: I understand that the draft regulations for the 205(j) program go little beyond the statute. In one part, they say that the "states shall develop jointly with local, regional and interstate entities a plan for carrying out the program." How do you interpret "develop jointly"?

Answer: At a minimum, a State must provide an opportunity for local, regional, and interstate entities to meet with the State on the development of a plan to carry out the program proposed for 205(j) funding. When awarding a 205(j) grant, the EPA Regional Administrator must be satisfied that the work program has been developed jointly. To assist the Regional Administrator in making this determination, we encourage the State to submit all comments on the proposed work program with its application to EPA.

Question: Do you intend to give any futher direction on the meaning of "develop jointly"?

Answer: EPA intends to issue additional guidance on the development of applications and work programs for 205(j) funds in the near future.

MONITORING OF 205(j) FUNDING

Question: Do you intend to monitor use of the 205(j) funds to determine whether local, regional and interstate entity participation was sufficient?

Answer: As part of EPA's normal grant management, we will monitor the uses of 205(j) funds. However, the law clearly allows the States to make determinations as to the amount of funding and use of local, regional, and interstate entities. EPA has no intention of influencing that process.

CONSTRUCTION GRANTS SUPPLEMENTAL: 205(j) PROGRAM

Question: If you receive supplemental fiscal year 1982 funding, will you have a 205(j) program in fiscal year 1982?

Answer: If EPA receives supplemental fiscal year 1982 funding, we will implement a 205(j) program in fiscal year 1982.

Question: Will it operate under the draft regulations?

Answer: The 1982 program will operate under interim final regulations and draft guidance.

Question: Do you expect the fiscal year 1983 program to operate under regulations similar to the fiscal year 1982 draft ones or do you expect more extensive ones?

Answer: At this point, we anticipate operating the fiscal year 1983 program under final regulations which will be based on public comments received on revised Water Quality Management regulations to be proposed in the near future.

NEEDS SURVEY

Question: What is the current status of the needs study which must be completed by the end of this year?

Answer: The needs survey is on schedule. Even though the 1981 amendments to the Clean Water Act reduced the time available to complete the 1982 survey by seven weeks, we anticipate that our accelerated schedule will permit us to meet the legally mandated reporting date.

Question: Have any changes been made in the procedures which were used for the 1980 study or is the computer program the same?

Answer: Procedures for the 1982 Survey have been changed to reflect both changes in the Act and other evolutionary changes in the construction grants program. These changes have been formulated by a joint State/EPA work group. The changes include: accommodation of the change in the Federal share; revised estimates for reserve capacity; revised backlog estimation technique; provision for later accommodation of changes in secondary treatment requirements for ponds, lagoons, and trickling filter plants; reductions attributable to marine discharge waivers; and inclusion of stream-specific information so that the Needs Survey can be water quality based in future years.

REGULATIONS ON REIMBURSEMENT FOR STEPS 1 and 2

Question: Are the regulations regarding reimbursement for Steps one and two complete?

Answer: The allowance procedures for facilities planning and design are complete and should be published in the Federal Register as proposed regulations before June 1, 1982. However, the allowance is not intended to reimburse the grantee for costs actually incurred for facilities planning or design. Rather, the allowance is intended to assist in defraying those costs. Under the allowance procedure, reimbursement dollar for dollar will not be considered.

SUPERFUND GOALS AND FUNDING

Question: Is the Agency meeting its goals in achieving the cleanup of hazardous waste dump sites covered by the so-called Superfund legislation?

Answer: The Agency has established quarterly goals for site cleanup consistent with the annual goals set forth in the budget submission. During the first six months of fiscal year 1982, the Agency started remedial investigations and feasibility studies at nine sites, and engineering designs at two sites. Remedial action funds were obligated for two sites during the second quarter, and work is expected to begin at both sites in the third quarter.

Question: Since you are not, why are significant surpluses being built up in the trust fund dedicated solely to the Superfund?

Answer: As explained above, the Agency is meeting its goals for site cleanup. However, most efforts in this fiscal year are focused on preliminary work, such as remedial investigations and feasibility studies, which is required before a remedial action can take place. Because these planning activities are relatively inexpensive, the fund balance has remained high. As the Agency begins to undertake the more costly remedial actions, including construction, fund monies will be obligated more rapidly.

INTERIM AUTHORIZATION AND COOPERATIVE ARRANGEMENTS

Question: Which States have interim authorizations and which have Cooperative Agreements for the hazardous waste program?

Answer: As indicated below, 29 States currently have Phase I interim authorization while 24 States participate in Cooperative Arrangements for the Phase I hazardous waste program. Three States are also Phase II interim authorized and fifty of the States participate in the Phase II program through Cooperative Arrangements. Wyoming, which elected not to participate, American Samoa, and the Northern Marianas do not have Cooperative Arrangements in fiscal year 1982.

Phase I Interim Authorized States

Alabama	New Hampshire
Arkansas	North Carolina
California	North Dakota
Connecticut	Oklahoma
Delaware	Oregon
Georgia	Pennsylvania
Iowa	Rhode Island
Kansas	South Carolina
Kentucky	Tennessee
Louisiana	Texas
Maine	Utah
Maryland	Vermont
Massachusetts	Virginia
Mississippi	Wisconsin
Montana	

Phase II Interim Authorized States

Arkansas
North Carolina
Texas

PERMITTING PRIORITIES

Question: In your permitting activities, you indicate that priority will be placed on new or expanding facilities and facilities suspected of posing severe threat to the environment or public health. How do you define or identify the latter?

Answer: In general, the Agency considers land disposal, surface impoundments, and incineration facilities to pose the greatest potential for adverse health effects or environmental damage. Our permitting strategy would thus emphasize the permitting of these types of facilities.

Question: What types of facilities will get less emphasis?

Answer: The Agency considers the most significant environmental problems posed by existing storage facilities using tanks, containers, and piles to be adequately covered by interim status standards issued under the Resource Conservation and Recovery Act. The Agency's strategy suggests permitting these facilities in later years while emphasizing compliance monitoring and enforcement in earlier years.

DEGREE OF HAZARD APPROACH

Question: Please explain your "degree of hazard" approach to regulatory reform in the hazardous waste program?

Answer: The Agency's "degree of hazard" approach establishes an analytic framework that will identify the possible tradeoffs among the risks, costs, and feasibility of various regulatory approaches. For any waste management situation, the degree of risk and cost depends on the interaction among wastes, environmental settings, and technologies for pretreatment, treatment, and disposal of wastes.

The approach consists of a computerized matrix which organizes characteristics of waste-environment-technology combinations. Each combination in the matrix describes the disposal of a particular waste by a given group of technologies in a specified environmental setting. The Agency will estimate risks and costs for each combination.

Prior to the development of the current "degree of hazard" strategy, the Agency felt it was unable to make distinctions between varying degrees of hazards among different kinds of waste management practices. This may have led to overly stringent regulations, resulting in unnecessary burdens in some cases.

ACCIDENTAL RELEASES

Question: How many accidental releases of oil and other petroleum products did EPA deal with in fiscal year 1981 and and fiscal year 1982?

Answer: The Agency has received a total of 6082 notifications of accidental releases of oil and other petroleum products in fiscal year 1981. Of these, 109 removals were Federally funded and directed by EPA On-Scene Coordinators, 496 removals were monitored on-scene, and 4647 removals were referred to other response authorities, monitored by telephone, or coordinated through State and local officials. Projections for fiscal year 1982 are at similar levels.

SUBTITLE D FUNDING

Question: With the cutback in Subtitle D funding, States are having extreme problems implementing effective solid waste programs. Is there any possibility that additional monies could be forthcoming in this extreme problem area for rural areas of Kentucky?

Answer: The Agency does not plan to reinstate a budget request for State Solid Waste Financial Assistance because it has been the Agency's long standing policy that solid waste management is the responsibility of State and local governments.

HAZARDOUS WASTE GRANTS

Question: Reagan's new Federalism advocates turning hazardous waste programs over to the States. Kentucky is moving rapidly to implement such a program, but now hazardous waste monies are also being cut back from the Federal level. How can States hope to implement such a complex, yet necessary environmental program without additional budget dollars?

Answer: Between fiscal year 1979 and fiscal year 1982, the States will have shared in over $105 million, primarily for development of hazardous waste programs. Kentucky's grant allotment over these four years totals to $1,825,900. In fiscal year 1983, Kentucky should receive another $609,300.

The reduction in State grants is a result of significantly reduced Federal demands on State overhead and management responsibilities. For example, EPA is moving quickly, through regulatory reform initiatives, to reduce program requirements on the States. EPA recently proposed new, simplified regulations which reduce the information and paperwork burden on the States by over one-third while maintaining all statutory requirements and those needed for effective program management.

In addition, EPA is moving to eliminate the enormous delays in approving routine State implementing actions. These delays have been primarily due to layer upon layer of Federal bureaucratic review and approval. And, finally, EPA is reducing or simplifying the many "status" reports required of the States and consolidating the procedural requirements in support of applications for Federal grant funds.

As States receive authorization and are, therefore, responsible for their own hazardous waste management program operation, States' roles in the program funding are also expected to increase. The Agency has been encouraging the States to develop alternative funding mechanisms, such as user fee systems, to support their administration of hazardous waste programs. The increased State flexibility that will result from reduced Federal demands will be further enhanced as States move to greater self-sufficiency and independence through the adoption of appropriate user fee mechanisms.

FEDERAL REGULATIONS

Question: Presently, the timing of Federal promulgation of hazardous waste regulations has been seriously delayed. State staff has expended many hours attempting to promulgate equivalent regulations in order to achieve primacy. Is there any hope that EPA will finalize and standardize its hazardous waste regulations so that States with limited resources can devote time to implementing a program, rather than constantly revising its regulations?

Answer: The regulations in question are extremely complex documents that have required a significant investment of both time and resources. The delays in promulgation of these regulations have not been confined to any one administration. There has been a long history of delays and slippage of schedules. We are now at the point, however, that within the next few months the Agency will promulgate the standards for hazardous waste land disposal facilities. This promulgation will complete the set of hazardous waste regulations required by Subtitle C of the Resource Conservation and Recovery Act. A complete core program can, therefore, be implemented.

The Agency will, however, review and revise the hazardous waste regulations to make them more cost-effective and workable. This places a burden on States since many of them will have to make similar regulatory changes after the Agency's revisions are complete. The Agency, however, considers effective, workable regulations to be in the best interest of the States and the public.

HAZARDOUS WASTE REGULATORY REFORM

Question: Will EPA be simplifying regulations on hazardous waste to decrease costs to both States and the regulated community?

Answer: Where regulatory impact, degree of hazard, and other Agency analyses indicate it is appropriate, the Agency will be revising hazardous waste regulations to make them less costly to both the State and the regulated community while ensuring adequate protection for public health and the environment.

Question: How many staff hours will be budgeted for regulatory development?

Answer: In fiscal year 1983, the Agency currently plans to invest approximately 110,000 staff hours in hazardous waste regulatory development.

In addition, approximately 100,000 staff hours will be devoted to important activities associated with regulatory development, such as regulatory impact analyses, review of the regulations' implementation burden, industry studies, and analytical support.

SUPERFUND MONIES AFTER 1985

Question: If and when Superfund monies end in 1985, or sooner, what will happen to the sites remaining on the National Priority List which have not been funded?

Answer: The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) provides that the tax shall end on September 30, 1985. We expect obligations to exhaust the Hazardous Substance Response Trust Fund in fiscal year 1987. Current estimates indicate that we will take remedial actions at 170 sites. Additionally, the continuation of a strong and vigorous enforcement program, aimed at achieving voluntary compliance by responsible parties and recovering expended Fund monies, will also result in remedial activity at an undetermined number of sites beyond the 170 identified above. Ultimately, we intend for States to take the lead in cleaning up hazardous waste sites after termination of substantial Federal involvement, including any sites that remain on the list.

STATE RESPONSIBILITIES

Question: From all indications, Superfund responsibilities are being transferred to the States. At this point, however, there doesn't seem to be, at least in the State of Kentucky, any direction from EPA to actually make that transition. EPA doesn't seem to be working with the States to make this transition. Are there plans to help the States assume this program if this assumption is correct?

Answer: For responses at sites, the Act require States to enter into a cooperative agreement or contract with the Agency on a site-by-site basis before a Federally financed response can be initiated. If a State wishes to assume responsibility for managing the response actions at a priority site, it must enter into a cooperative agreement with the Agency. If the State is unable or unwilling to assume the lead, the Agency conducts the response action under the terms of a contract with the State. The State of Kentucky has only one site on the Superfund Interim Priority List -- the Valley of the Drums. Kentucky has not assumed the lead for managing the response actions at this site.

RESOURCE RECOVERY

Question: Since one of the major goals of RCRA was to encourage resource recovery, is EPA going to grant monies for solid and hazardous waste facilities?

Answer: Consistent with the Agency's long standing policies and the provisions of the Resource Conservation and Recovery Act (RCRA), the Agency does not intend to provide financial assistance under RCRA to any solid or hazardous waste facilities. In addition, the Agency believes that the best investment of resources is not to provide funds to individual facilities, but to support the States and localities in developing comprehensive programs to regulate the disposal of all solid and hazardous wastes. The Agency's budget request for RCRA grant programs in fiscal year 1983 is limited to Hazardous Waste Financial Assistance to States under RCRA section 3011.

Question: Are the EPA regulations especially on free liquids in landfills consistent with the resource recovery policy?

Answer: The current Resource Conservation and Recovery Act (RCRA) hazardous waste regulations, including the March 22, 1982 interim final rule concerning containerized liquid wastes in landfills, are consistent with resource recovery objectives. In general, hazardous wastes that are used, reused, or recycled are subject only to the RCRA Subtitle C regulations for storage and transportation, or else, not subject to any of the hazardous waste regulations.

The recent interim final rule requiring that containers placed in landfills contain no free-standing liquids is also consistent with resource recovery policy. Some of the wastes containing free-standing liquids which were previously placed in landfills were residues from the bottom of tanks used in solvent recovery operations. Recovery of additional solvents from such residues is encouraged by the interim final rule against free-standing liquids. Also, absorbants are allowed to be added to containers to eliminate any free liquid not otherwise recoverable.

ACID RAIN RESEARCH

Question: I note that EPA requested some $12 million, an increase of $3 million over 1982 funding for acid rain research. Is this level of funding sufficient for the Interagency Task Force on Acid Precipitation to carry out its assigned task in an accelerated time frame (5 years instead of 10) such as has been suggested in legislation, S. 2027, recently introduced by Senator Byrd?

Answer: The Environmental Protection Agency (EPA) has accelerated its acid deposition research program by successive increases in annual funding. Acid deposition research, exclusive of research on control technologies, has steadily increased: funds totalled $5.5 million in fiscal year 1980, $6.9 million in fiscal year 1981, $9.0 million in fiscal year 1982, and we are proposing to spend $12.0 million in the President's fiscal year 1983 budget now before the Congress. In addition, other agencies work with EPA through the Federal Interagency Task Force on Acid Precipitation to coordinate research activities. Under the Task Force, Federal funding for acid deposition research has increased from approximately $12.0 million in fiscal year 1981 to $18.0 million in fiscal year 1982 and a proposed $22.0 million in fiscal year 1983.

The intent in increasing acid deposition research funding is to provide more information sooner. We recognize that information will only become available incrementally, and that some concerns such as the impacts of deposition on forest growth and crop productivity require a number of years of research.

AIR CROP STUDY SITES

Question: Ozone research is focused on agronomic impacts at six sites across the U.S. (A-28). What are the six sites and what is being done at each?

Answer: The six sites are field research stations equipped with exposure systems designed to evaluate the effects of air pollution on the yield of crops grown within agricultural areas of the United States. The sites are located in the northeast (Boyce Thompson Institute, Cornell University, Ithaca, New York; and the United States Department of Agriculture, Beltsville, Maryland); the southeast (United States Department of Agriculture, Raleigh, North Carolina); the midwest (Argonne National Laboratory, Argonne, Illinois) and the southwest (University of California, Riverside, California, and Lawrence Livermore National Laboratory, Livermore, California). At each site, agronomic crops of greatest economic importance are exposed to ozone at levels which span the range of air quality conditions, including ambient levels, so that the benefits of any given level of pollution control can be evaluated. In addition to field research, simulation modeling is being conducted at Lawrence Livermore National Laboratory to evaluate the interactive effects of regional climatic factors on crop loss estimates. Data integration and economic assessment research is being conducted at EPA's Environmental Research Laboratory, Corvallis, Oregon.

IMPACT OF OZONE ON CROPS

Question: What are your preliminary findings with respect to the impact of ozone on crops -- what crops are most affected and how?

Answer: Preliminary results, based upon field studies conducted through fiscal year 1981, have indicated that ambient ozone concentrations caused yield reductions for soybean amounting to 10%; for peanut reductions of 14 to 17%; for head lettuce reductions of 53 to 56%; for turnip reductions of 7%; and for kidney bean reductions of 2%. These reductions in yield were observed at seasonal mean ozone concentrations of 0.06 to 0.07 ppm when compared with the natural background (control) value of 0.025 ppm ozone. Based on these results and those from prior research, preliminary dose-response functions have been developed to provide a first assessment of crop loss due to ozone and to guide future activities oriented toward data validation and economic assessments. The research so far has shown that varietal susceptibility and environmental stresses (such as soil moisture status and the interactive effects of pollutants other than ozone (sulfur and nitrogen dioxide)) are also important in quantifying the effects of ozone on crop yield. Therefore, work in presently being conducted which will assess these interactive effects more clearly and will enable us to evaluate the true economic impact of air pollutants on crop production in the United States.

Question: What do you expect to accomplish with the fiscal year 1983 program?

Answer: Field investigations will be continued in fiscal year 1983 to contribute to the dose-response knowledge base for assessing the impacts of ozone on 75% of the crop acreage in the United States. This data base will be used to provide a national economic assessment of the agronomic impacts of ozone on crop production in fiscal year 1984. The evaluation of simulation modeling in the regional assessment of ozone impacts is scheduled for completion in early fiscal year 1983 using the yield response of soybean as an example. This approach addresses the interactive effects of regional climatic factors so that a more accurate estimate of crop loss can be provided at regional and state levels. In fiscal year 1983, research is also planned to quantify the role of soil moisture as an influencing factor in the response of crops to ozone, and to evaluate the effects of ozone episodes, which are associated with air stagnation events vs. the effects of low ozone concentrations which occur throughout the crop growing season.

Question: How much will you spend on this?

Answer: In fiscal year 1983, resources for crop loss activities will amount to $1,164,700.

HEALTH EFFECTS RESEARCH ON MUNICIPAL WASTEWATER

Question: On page WQ-36 of your justification you indicate that health effects research on the public health problems associated with innovative and alternative technologies, such as high rate sludge land application and aquaculture treatment, will be intensified. Please elaborate.

Answer: In fiscal year 1982, research on the health effects from disposal of municipal wastewater will be largely completed. As this research is completed, resources will be redirected to address the public health questions associated with sludges. Research will specifically be conducted to evaluate the health effects resulting from the bioaccumulation of toxic organics in the food chain and to develop an improved data base on the background level of human dietary exposure to these compounds.

AGENCY CREDIBILITY

Question: Does not an increase in EPA employees' workload pose the threat that the Agency's credibility with industry as well as States will be greatly diminished?

Answer: No, because our workload has not "just increased" significantly. Nearly all of the statutory changes resulting in our significant resource requirements occurred over half a decade ago. As an overall indication, the Agency grew by more than 62 percent between 1977 and 1980. Since 1977, the Agency has made many large investments in all program areas. We can now point to the results we have achieved with these investments and are confident that our current responsibilities will be met with our 1983 budget.

Questions Submitted by Senator Proxmire

LEAD CONTENT OF GASOLINE

Question: Could you comment on the issue of "blenders" and leaded gasoline?

Answer: A blender does not refine crude oil. Rather, he simply mixes lead with base stock or gasoline to make a finished leaded gasoline. Under EPA regulations, a blender is considered to be a refiner. Since, in general, blending operations are small-scale, blenders qualify for the small refiner exemptions. These exemptions were granted by Congress to allow small refiners until 1982 to install octane boosting equipment to use instead of lead. Since blenders do not use such equipment refiners have questioned whether this exception should have been granted to the blenders. Recently, with spot prices for gasoline decreasing sharply, it has proven economically advantageous to blend. The number of blenders has grown from 22 in 1979 to over 62 by the end of 1981. These blenders now account for 10 percent of lead usage as opposed to one percent in 1979. The major issue is their ability to undercut refiners subject to a tighter standard. Some refiners have alledgedly set up arrangements with blenders to sell low octane stock, have the blender add more lead, then repurchase the gasoline for distribution. This, of course, circumvents the current regulations and results in more total lead in gasoline. In fact, after steady declines in total lead, the last two quarters of 1981 have shown an increase in lead.

This has been one of the most pressing issues within the current regulations. The small refiners in particular see blenders as unfair competition. Blenders have proliferated in the last year or so. They would likely go out of business if the 0.5 gram/gallon standard is maintained for small refiners in the near future. Recission also would likely put them out of business. Only if the small refinery exemption is maintained (as now) could they continue. These issues are now being reviewed as part of our proposed rulemaking on the lead in gasoline issues.

Question: It is my understanding that the average gallon of gasoline contains more lead now than it did a year ago -- is that true?

Answer: The average gallon of gasoline in 1980 had .71 grams per gallon. In 1981 this number decreased to .59. So the average lead content has been decreasing. It is true, however, that there has been a slight increase in lead in the last two quarters of 1981 compared with the first two quarters.

OFFICE OF THE INSPECTOR GENERAL

Question: In 1983, the Office of the Inspector General will lose approximately six workyears although dollars increase slightly. Why does this Office decline in personnel strength with the Administrator's increased emphasis on ferreting out waste, fraud and abuse?

Answer: The 1983 request for the Office of the Inspector General (OIG) does not include 4.0 workyears which were subsequently transferred to the OIG from the Office of Administration in light of an increased workload. The net reduction of 1.5 workyears reflects an emphasis in 1982 on reducing the backlog in closing out construction grant projects and performing pre-award reviews. This shift will reduce the effort required for interim construction grant audits. There should be no appreciable effect on the OIG's activities in fighting waste, fraud and abuse. Furthermore, the net reduction of 1.5 workyears in the OIG does not take into account 22.0 workyears contained within the Superfund request which are used for audit and investigative functions in that area. This in an increase of 9.0 workyears from the 13.0 provided in 1982.

Question: Your justification indicates that you are closing out construction grant audits. What is the current backlog in the number of construction grant projects awaiting final audit, and why are you terminating this program?

Answer: As of March 24, 1982, 313 final audits of construction grant projects are in progress and 515 have been requested and are awaiting assignment. Of the 515 not yet assigned, about 70% are for small projects (under $2 million) for which only a sample of approximately 10% will be audited. All projects over $2 million will be audited. In sum, then, the current backlog of construction grants awaiting final audit is approximately 190.

The OIG is <u>not</u> terminating the program of construction grant audits. Each final audit is necessary for the closing of a particular grant, but this in no way implies a termination of the program.

OFFICE OF LEGISLATION

Question: The Office of Legislation's justification appears on Page MS-60. An increase of $168,000 is requested in 1983, an increase of more than 25%. Why are you requesting an increase of this magnitude at a time when you are cutting your overall budget?

Answer: The additional funding would be directed toward major projects that are vital to several of the Administrator's goals for management improvement within EPA.

First, detailed legislative policy analysis, which otherwise would not receive priority attention due to other more immediate deadline-oriented functions, is essential for a thoughtful review of several of our statutes. In particular, any contemplated amendments to the FIFRA and TSCA in fiscal year 1983 will require analysis of the institutional and financial capability of State governments to assume additional responsibilities under those statutes and will be beyond current staff workload capabilities. Such analysis could be accomplished through the use of contractual services supported by these additional funds.

In fact, we expect that the Office of Legislation will be in the forefront of any follow-up initiatives which the Administration may plan to propose in connection with the President's "New Federalism" policy. In case there is a second round of legislation to be introduced in the environmental area or with environmental quality implications, this Office will be expected to do the necessary background research, policy analysis, interagency coordination, and legislative drafting for such an initiative.

Secondly, the additional funds will also make possible more complete and thorough handling of the increasing volume of requests from both OMB and the Congress for analysis of proposed and pending legislation.

Finally, the present capability of the Agency's legislative library is most inadequate for the Agency's future needs. There is a pressing need for an increase in the library's ability to provide essential technical services. As the resource capability of program offices to obtain these materials on their own initiative declines due to budgetary cutbacks, the library must serve as a central clearing house for the entire Agency. This function cannot be performed without these additional funds. The additional funding would also enable the Office of Legislation to provide the needed information and explanation of legislative proposals to interested governmental and private groups on request.

Question: What specific pieces of legislation has this Office drafted in fiscal year 1982, and what will it draft in fiscal year 1983?

Answer: The specific pieces of legislation drafted in the Office of Legislation during fiscal year 1982 include:

- Amendments to the Clean Water Act ("The Clean Water Act Amendments of 1982");

- Extension of the Federal Insecticide, Fungicide, and Rodenticide Act ("To amend and extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for two years.");

- Extension of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act ("To amend and extend the Solid Waste Disposal Act, as amended, for two years.");

- Extension of the Safe Drinking Water Act ("To extend the Safe Drinking Water Act, as amended for two years.");

- Extension of the Agency's Ocean Dumping authority ("To extend Title I of the Marine Protection, Research, and Sanctuaries Act, as amended.");

- Extension of the Agency's authority to conduct Research and Development activities ("The Environmental Research, Development, and Demonstration Authorization Act of 1983.").

The Office of Legislation also prepares all Congressional testimony for the Agency (with the exception of Appropriations testimony which is prepared by the Office of the Comptroller) and provides all Agency analysis and responses on draft legislation requested by either the Executive or Legislative Branches.

In fiscal year 1983, the Office of Legislation will draft all needed extensions of appropriation authority and any other amendments or new statutes which may be required. Depending on the actions taken by the 97th Congress and policy decisions within the Executive Branch, this may include extension and/or amendment of the following statutes:

- The Clean Water Act;
- The Clean Air Act;
- Title I of the Marine Protection, Research, and Sanctuaries Act;
- The Federal Insecticide, Fungicide, and Rodenticide Act;
- The Toxic Substances Control Act;
- The Solid Waste Disposal Act (RCRA);
- The Noise Control Act;
- The Safe Drinking Water Act;
- The Environmental Research, Development, and Demonstration Authorization Act of 1984;
- The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("Superfund").

The Office of Legislation anticipates drafting a number of minor amendments to most of the Agency's statutes in connection with our on-going survey of statutorily mandated reporting requirements. In addition, if resources are available in fiscal year 1983, the Office will undertake a thorough review of both the Toxic Substances Control Act and the Federal Insecticide, Fungicide and Rodenticide Act.

14-067 O - 83 - 56

RCRA - INCINERATOR PERMITTING

Question: Late last year you suspended the effective dates of the RCRA permitting standards for existing incinerators and storage surface impoundments.

Why did you take this action and what is the current status of the permitting standards?

Answer: The Agency proposed to suspend temporarily the effective date of its January 1981 permit standards for existing incinerators and storage surface impoundments.

The proposal to suspend the effective dates allowed the Agency the opportunity to assess the appropriateness of its standards for existing incinerators and storage surface impoundments. This action was taken as a result of comments from the regulated community. Information submitted to the Agency alleged that retrofitting and energy costs of compliance with the January standards might cause as many as 20% of existing incinerators to close down. The commenters also claimed incinerators could continue to operate effectively at standards less stringent than those promulgated by the Agency.

The high cost of retrofitting existing storage surface impoundments was also raised in the comments. Commenters contended that retrofitting could require costly reconstruction and take the impoundment temporarily out of service. Alternative standards, according to critics, would assure human health and environmental protection without causing economic disruption.

Decisions on the proposed suspension are currently undergoing internal Agency review. These will be noticed in the Federal Register as soon as possible after reviews by the Agency and the Office of Management and Budget are completed.

Questions Submitted by Senator Leahy

AIR

Question: The air program has issued standards for controlling asbestos, beryllium, mercury, lead, and vinyl chloride; it has designated arsenic, benzene, and radionuclides as requiring action, but has not issued standards so far. Thirty-seven other toxic air pollutants are listed as requiring priority action. How many actual permits restricting the emissions of mercury, beryllium, asbestos, lead, or vinyl chloride have been written under Section 112 regulations by either EPA or delegated states?

Answer: We estimate that there have been about 429 permits issued by EPA or delegated States for the control of pollutants regulated under Section 112. The regulated pollutants are asbestos, beryllium, mercury, and vinyl chloride. This estimate is derived from an analysis of the growth of the inventory of regulatory sources and by recognizing the fact that permits are issued only for new and modified sources.

Question: What has been the average cost per permit written in terms of labor and dollars?

Answer: In writing permits for these pollutants, the Agency estimates its costs to be 46 work-hours (equivalent to approximately $600 per permit). This estimate is an average and varies depending upon whether the permitted source is new or modified, and upon the type of source being constructed.

Question: What is the size of the potentially regulated community for the toxicants for which completed Section 112 regulations exist?

Answer: There are currently 1277 stationary sources being regulated under Section 112. This number can be broken down for the specific pollutants: 858 sources of asbestos, 119 sources of beryllium, 224 sources of mercury, and 76 sources of vinyl chloride.

Question: Of this community, what are the projections for actually writing and enforcing permits within fiscal year 1982 and fiscal year 1983?

Answer: It is important to note that permits are issued (1) at the time of new construction or (2) when an existing source needs modification. Of the existing community, all sources which required permits received permits in previous fiscal years. Based on the growth rate for the past three years, the Agency projects that 110 permits will be written for new and modified sources during each of fiscal year 1982 and fiscal year 1983.

Question: What is the current completion schedule for all chemicals now under consideration for potential NESHAPS standards, and what is the projected resource requirement (labor, dollars) for completing each?

Answer: Our current program plan calls for reevaluation and publication in late fiscal year 1982 of a decision on whether to list cadmium as a hazardous air pollutant under section 112 (or whether other regulation under the Clean Air Act is needed to protect public health). Our fiscal year 1983 plan calls for making regulatory decisions on 11 additional pollutants including the reevaluation of toluene (coke oven emissions, acrylonitrile, trichlornethylene, perchloroethylene, methyl chloroform, methylene chloride, chlorofluorcarbon-113, carbon tetrachloride, nickel, vinylidene chloride, and toluene). Work on an additional nine pollutants (ethylene dichloride, chloroform, formaldehyde, dioxin, manganese, epichlorohydrin, chromium, and ethylene oxide) will be conducted in fiscal year 1983, with regulatory decisions anticipated in fiscal year 1984.

To support these activities, the Office of Research and Development has prepared or is working on comprehensive health assesment documents on each of these compounds for review by EPA's Science Advisory Board (SAB). These documents, along with the SAB's comments on them, form the health basis for the Agency's decision on whether or not to regulate under the Clean Air Act.

Also, in late fiscal years 1982 and 1983, we tentatively plan to issue final emission standards (NESHAPS) under section 112 for four categories of benzene emissions and to propose standards for one additional source category. We also plan to propose NESHAPS for several coke oven emission points. We have projects underway to review and revise, if necessary, existing NESHAPS for vinyl chloride, asbestos, beryllium, and mercury. Depending on the outcome of the regulatory decisions scheduled in early fiscal year 1983, we may also initiate NESHAP development work on one or more additional pollutants in fiscal year 1983. Until regulatory decisions are reached and individual source categories are studied in greater detail, it is not possible to estimate the final completion dates and resource needs for the chemicals currently under assessment.

The resources devoted to achieve these objectives in the fiscal year 1983 budget are $2.9 million in extramuarl and 59 workyears.

MONITORING

Question: Despite the completion of a few standards for toxic air emissions control under Section 112, and the listing of some 40 chemicals for priority consideration, the U.S. has no comprehensive air monitoring system for estimating the quality and extent of toxics air pollution nationwide. What little data we have appears to come from research monitoring efforts, and this appears to have little or no usefulness in estimating total nationwide exposures, or in charting trends and supporting enforcement. What are the Agency's plans for setting an air toxics monitoring capability in place?

Answer: The Agency, at the current time, has no plans for establishing a routine, national non-criteria monitoring program. This is due to three factors. A national system is not merited given the anticipated localized nature of toxic emissions. Measurement techniques which are accurate and, which can be validated with confidence do not exist.

How many stations will be involved, and what chemicals will be studied?

For the reasons given above, the Agency has plans in fiscal year 83 to set up one non-criteria monitoring center. At present, plans call only for measurement of gaseous pollutants. The monitoring center is intended to accomplish the following:

1. Characterize urban air in a typical industrialized city.

2. Initiate development of a trends data base.

3. Evaluate new sampling and analysis techniques.

4. Field test experimental methods which are in development.

5. Evaluate personal exposure monitoring techniques using passive, and perhaps active, devices. Determine relationships between long path sensors as well as traditional fixed site point monitoring.

6. Provide locale for conducting special short-term source oriented studies using techniques discussed above.

Generally, the operation of the monitoring center would result in quantitative data for a limited number (on the order of 30 to 50) gaseous compounds as well as qualitative data for a broad spectrum of pollutants.

SMALL GENERATOR EXCLUSION

Question: In the Federal Register you cited lack of resources as the justification for excepting hazardous waste generators who generate less than 1,000 kilograms per year from the RCRA system. How many facilities do you estimate were exempted, compared to a 100 kilogram threshold?

Answer: The Agency estimates that 695,000 generators are exempted from the hazardous waste regulations under the Resource Conservation and Recovery Act (RCRA) using a small quantity generator exclusion level of 1,000 kilograms per month. If the exclusion level were altered to 100 kilograms per month, 563,000 generators would be exempt from the RCRA regulatory program. Although an additional 132,000 generators would be regulated by changing the small quantity generation amount from 1,000 to 100 kilograms of hazardous waste per month, the percentage of hazardous waste regulated would only increase from 99% to 99.8%. The Agency believes that the costs involved in regulating an additional 132,000 generators far outweigh the environmental protection it would receive in return for its investment.

RESOURCES TO INCLUDE SMALL GENERATORS IN THE RCRA SYSTEM

Question: What additional resources would be necessary to include generators above the 100 kilogram level in the Resource Conservation and Recovery Act (RCRA) system?

Answer: The Agency does not currently plan to include generators between the 100 and 1,000 kilogram per month level in the hazardous waste regulatory system established by (RCRA). The Agency believes that this is an appropriate strategy which results in a system that meets the goals of the statute and protects the environment.

YEARLY INSPECTIONS

Question: What additional resources would be necessary to insure that all facilities subject to interim status permits or final permits are inspected yearly or twice a year to determine compliance with those permits?

Answer: The Agency presently has resources to conduct inspections in States which have not received interim authorization, on the following schedule:

- -Inspect all major facilities and generators once per year.
- -Inspect all non-major facilities once every two years.
- -Inspect all remaining generators once every ten years.

REGIONAL ENFORCEMENT BUDGETS

Question: What are the hazardous waste enforcement budgets for the Regions in fiscal year 1982 and fiscal year 1983?

Answer: In fiscal year 1982, the Agency is allocating $6.5 million and 171.9 permanent workyears to the regional hazardous waste enforcement program. These resources also support the hazardous waste permit program (3.6 million and 95.2 permanent workyears).

In fiscal year 1983, the Agency is requesting $1.9 million and 46.1 permanent workyears for regional hazardous waste enforcement. Total resources comparable to the 1982 enforcement program, however, equal $6.3 million and 151.4 permanent workyears. This total includes $1.1 million and 25.1 permanent workyears transferred to the Office of Legal and Enforcement Counsel and $3.3 million and 80.2 permanent workyears for permitting which were transferred to the Waste Management Strategies Implementation Program under the Abatement and Control function.

WASTE STREAMS LISTING

Question: What resources would be necessary to expedite the program which determines whether the list of waste streams required in sections 261.31 and 261.32 of the RCRA regulations is completed by the by the end of the fiscal year 1983 or fiscal year 1984?

Answer: To identify all those industrial wastes by the end of fiscal year 1984 which, although currently not listed as hazardous wastes, should be listed under 40 CFR 261.31/32, would not be possible even if additional resources are available. Under its current schedule, the Agency expects to have added significantly to the list of hazardous wastes, especially wastes from the organic chemicals industry, by the end of fiscal year 1984. Indeed, several new listings may be proposed during fiscal year 1983. However, it is probably impossible to complete all listings by the end of fiscal year 1983 or fiscal 1984.

Before a new waste can be added to 40 CFR 261.31/32, industry data must be evaluated to determine whether the waste poses a significant hazard to human health or the environment, if the waste is mismanaged. This process requires an evaluation of the industry segment, the toxic and other hazardous properties of the waste, the potential for mismanagement, and the effect of mismanagement. Furthermore, some of the chemical and biological testing tools needed for evaluating the more complex industrial wastes are not yet available. While a number of Agency programs to develop such test procedures are underway, this work will not be completed within the fiscal year 1983/1984 timeframe.

Given the large number and complexity of industrial wastes generated in the United States, it is not possible to expect to complete the evaluation task by the end of fiscal year 1984 even with a substantial increase in Agency resources.

RESOURCES FOR HAZARDOUS WASTE EXTRACTION PROCEDURE

Question: You have stated in a letter to EDF that a program is merited for an improved extraction procedure that will more accurately and reproducibly model leachate production for inorganic as well as organic constituents. What resources would be necessary to develop such a scientifically valid extraction procedure for hazardous wastes by the end of the fiscal year 1983?

Answer: As stated in the letter to the Environmental Defense Fund (EDF), the Agency is actively developing an improved extraction procedure to more accurately model leachate production for inorganic and organic constituents. A thorough research program is already underway for the Agency at the Oak Ridge National Laboratory. The program to develop an improved extraction procedure has not been held back by resource limitations. Rather, the large amount of data to be collected and evaluated, and the many technical problems needing solutions, such as selecting and obtaining suitable wastes for use in the tests, designing and constructing lysimeters, and developing techniques for use in contacting the waste with the extraction fluid, are the limiting factors. With resource levels currently planned for fiscal year 1983, the Agency expects to have a draft procedure ready for interlaboratory evaluation before late fiscal year 1983.

In order that the Agency can be assured that the extraction method developed is scientifically defensible, further verification of the method will be undertaken. These studies, comparing the results of laboratory testing with results obtained in large scale lysimeters, will be done concurrently with the interlaboratory reproducibility study.

BURNING OF HAZARDOUS WASTES IN BOILERS

Question: What resources would be necessary to characterize the effluents and emissions resulting from burning of hazardous wastes in industrial boilers and to estimate the health impact thereof by the end of the fiscal year 1983 or fiscal year 1984?

Answer: The Agency anticipates completion of its analysis of the problem posed by burning hazardous wastes in boilers in fiscal year 1983, without requiring additional Agency resources over those requested in the fiscal year 1983 budget submission.

RESOURCES TO DETERMINE HAZARDOUS WASTES TREATMENT MODES

Question: What resources would be necessary to obtain sufficient information to permit EPA to determine which treatment modes are most effective in controlling which types of hazardous wastes by the end of the fiscal year 1983 and fiscal year 1984?

Answer: To determine which treatment modes are most effective in controlling which types of wastes, the Agency would have to know the chemical, physical, and toxicological properties of wastes; handling methods; potential for environmental transport; environmental and health effects; synergistic effects of chemicals; similarity of wastes; and the amount of releases (both accidental and expected). These data would be required for all wastes and all treatment technologies in different environmental settings. Some information is now available on these points and the Agency is studying other areas.

A definitive understanding of the effectiveness of all treatment technologies is impossible by fiscal year 1984 regardless of the level of resources devoted to the effort. By the end of fiscal year 1983, however, the Agency intends to have a general understanding of the effectiveness of many treatment modes and expects to tailor regulations in specific cases where it is appropriate. By the end of fiscal year 1984, the Agency expects to propose a more complete set of regulatory changes based on the results of work currently being planned.

RESOURCES TO DETERMINE LANDFILL UNSUITABILITY OF WASTES

Question: What resources would be necessary to obtain sufficient information to permit EPA to determine which wastes are unsuitable for landfill disposal by the end of fiscal year 1983 or fiscal year 1984?

Answer: To determine which wastes are unsuitable for landfill disposal requires a better understanding of which wastes are landfilled, the potential harm they pose, and the alternatives available. The Agency is now engaged in analyzing this issue. The Agency expects to propose, where appropriate, banning certain wastes from landfills during fiscal year 1983 and fiscal year 1984. A comprehensive review of all wastes unsuitable for land disposal would be impossible to complete by fiscal year 1984. EPA intends to focus on those wastes that are particularly hazardous when landfilled and for which there are other disposal alternatives.

HAZARDOUS WASTE FACILITIES' IMPACT ON DRINKING WATER

Question: What additional resources would be necessary to complete a nationwide assessment of the extent to which hazardous waste treatment, storage and disposal facilities are located or operated in a manner that may affect drinking water supplies by the end of fiscal year 1983 and fiscal year 1984?

Answer: Under the current Regulatory Impact Analysis (RIA) process there are numerous studies being conducted that assess the impact of hazardous waste facilities on the environment. These studies include assessing available information on sites where damage has occurred and collecting data that relate specifically to the site location and operation of a large number of hazardous waste facilities. These studies, when completed in the Spring of 1983, will provide preliminary data on the impact of the location and operation of hazardous waste storage and disposal facilities on drinking water. The Agency intends to collect more comprehensive data during fiscal year 1984. Resources to support this effort will be considered when the Agency develops its fiscal year 1984 budget request.

SUPERFUND AND RCRA REQUIREMENTS

Question: Since RCRA was enacted to protect public health, safety, and the environment from hazardous wastes, to what extent are Superfund cleanups subject to RCRA requirements?

Answer: Neither the Resource Conservation and Recovery Act (RCRA) nor the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) deals with the subject of RCRA coverage of CERCLA cleanups in a thorough or very explicit manner.

The Agency has made it clear that the RCRA standards for treatment and storage, and the requirement for a RCRA permit are not applicable to action taken to immediately contain and treat discharges of hazardous wastes or materials. Furthermore, if immediate removal or transportation of discharged waste is necessary to protect human health or the environment, this may be done without the preparation of a RCRA manifest. The Agency established these policies so that emergency response actions taken under CERCLA would not be delayed or impaired by the RCRA requirements.

For remedial actions taken under CERCLA, the relationship to RCRA requirements is more complicated. If hazardous wastes are transported from a site where a remedial action is underway, those wastes must be accompanied by a RCRA manifest and can only be shipped to a facility with a RCRA permit or interim status. The Agency believes that it should deal with wastes shipped from a remedial action site in the same manner as it deals with any other hazardous wastes. However, for remedial actions that involve treatment, storage or disposal of hazardous wastes on-site, there are important issues which are still under consideration within the Agency. We anticipate resolving these issues in the near future and will advise the Subcommittee of our progress.

HEALTH AND ENVIRONMENTAL STANDARDS

Question: Will Superfund cleanup operations meet RCRA health and environmental standards? If not, why not?

Answer: As discussed above, no decision has yet been made concerning whether and under what circumstances Superfund cleanup operations on-site will be required to meet RCRA health and environmental standards.

PUBLIC PARTICIPATION

Question: Under your regulations, why are Superfund cleanups not subject to RCRA public participation requirements?

Answer: Congress did not include in CERCLA a specific provision for public participation, as it did in RCRA. However, community relations are a key part of the Superfund Program. A policy memorandum, dated November 18, 1981, established the requirement for community relations in Superfund-financed remedial and removal actions. The 40 CFR Part 25 Regulations which cover RCRA (and the Clean Water and Safe Drinking Water Acts) were promulgated on February 16, 1979, prior to CERCLA.

EXCEPTION REPORTING

Question: In what circumstances is exception reporting being considered?

Answer: In the February 23, 1982 Federal Register (47 FR 7841), the Agency announced its intention to propose an exception reporting system for all of the groundwater monitoring requirements contained in the current hazardous waste regulations. The Agency is considering eliminating submission of groundwater monitoring parameter readings except where the concentration or value of parameters exceed the maximum contaminant levels listed in the EPA Interim Primary Drinking Water Standards.

In addition, exception reporting is used in instances where there is a discrepancy in the manifest system. Exception reports are required if the generator does not receive confirmation of delivery of the waste to the designated treatment, storage, or disposal facility; if the facility receives hazardous wastes which are not accompanied by a manifest; or if there is a significant discrepancy between the manifest and the actual wastes that the facility receives.

CRITERIA FOR EXCEPTION REPORTING

Question: What criteria will be used to determine whether exception reporting is sufficient under RCRA?

Answer: The Agency generally considers the use of exception reporting when the burden on industry, states, or the Agency may be significantly reduced without adversely affecting the Agency's ability to protect public health and the environment.

FINANCIAL ASSISTANCE REDUCTION

Question: Provide an analysis of the activities that will no longer be funded or that will receive reduced funding due to the proposed $6.5 million reduction in financial assistance.

Answer: Flexibility for the States will be increased with no substantial reduction in State implementation of the hazardous waste program. The reduction in State grants is a result of significantly reduced Federal demands on State overhead and management responsibilities. For example, EPA is moving quickly, through regulatory reform initiatives, to reduce program requirements on the States. EPA recently proposed new, simplified regulations which reduce the information and paperwork burden on the States by over one-third while maintaining all statutory requirements and those needed for effective program management.

In addition, EPA is moving to eliminate the enormous delays in approving routine State implementing actions. These delays have been primarily due to layer upon layer of Federal bureaucratic review and approval. And, finally, EPA is reducing or simplifying the many "status" reports required of the States and consolidating the procedural requirements in support of applications for Federal grant funds.

As States receive authorization and are, therefore, responsible for their own hazardous waste management program operation, States' roles in the program funding are also expected to increase. The Agency has been encouraging the States to develop alternative funding mechanisms, such as user fee systems, to support their administration of hazardous waste programs. The increased State flexibility that will result from reduced Federal demands will be further enhanced as States move to greater self-sufficiency and independence through the adoption of appropriate user fee mechanisms.

ANALYSIS OF TECHNICAL ASSISTANCE ACTIVITIES

Question: Provide an analysis of the activities funded and outputs achieved with the $4.8 million expended in technical assistance in fiscal year 1981.

Answer: The $4.8 million expended in fiscal year 1981 for technical assistance activities supported a technical and public information program as well as the Technical Assistance Panels program authorized by section 2003 of the Resource Conservation and Recovery Act (RCRA).

Approximately $700,000 covered costs of Agency personnel to administer RCRA public participation activities and citizen education programs. About $450,000 was used for grants to national organizations for a participatory public education program, Waste Alert!, to enhance public understanding of hazardous waste

issues such as facility siting. Approximately $500,000 supported Agency personnel to manage the Technical Assistance Panels and delivered solid and hazardous waste management advice. The remaining $3 million funded a broad base of expertise and ten national organizations (grantees) to help the Agency deliver technical assistance to requesting Federal, State, and local agencies in all areas of solid and hazardous waste management.

Agency staff and the consultants gave direct one-on-one assistance in 171 cases during fiscal year 1981. The ten grantees, such as the National League of Cities, and International City Management Association, provided assistance through 66 peer matches (two public officials met to discuss a waste management problem which had been successfully solved by one party), 60 meetings and workshops, 7 issue papers, 6 case studies, 65 written articles, 1000 information packets, 1300 letters, and 6000 phone calls. An assistance effort used a single resource or any combination of the three resources, depending on the requestor's needs.

Since fiscal year 1981, the general level of knowledge and expertise of solid waste management at all governmental levels has increased. States have assumed primary responsibility for solid waste management. Thus, funding for this program was not requested in fiscal year 1982 and 1983 nor is any funding request planned for beyond fiscal year 1983.

WATER TOXIC POLLUTANT RESEARCH

Question: Provide an analysis of the resources necessary to continue collecting health and ecological effects information and conducting risk assessments on newly discovered toxic pollutants found in the aquatic environment.

Answer: Most of EPA's past research addressed conventional (i.e., non-toxic) water pollutants. As in the recent past, work will continue to focus on the scientific base needed to appropriately address toxic pollutants. The major objective of this research is to provide the tools needed by local, State and EPA programs to select reasonable, balanced water quality objectives (including ocean disposal), and to more efficiently and effectively identify existing or emerging problems and to assess progress in achieving water quality objectives.

The basis for proposed reductions in the water quality area was that criteria documents for the 65 priority pollutants have been completed and the need for risk assessment, health effects and ecological effects research is accordingly lessened. The proposed fiscal year 1983 budget in this area will emphasize filling data gaps for the priority pollutants, validation of information used in establishing the criteria documents, development of short-term tests of toxicity and screening tests for toxic materials, developing water quality standards derivation guides (for use by States in determining attainable

water quality uses and the necessary criteria), toxic wasteload allocations, predictive impact models and ocean disposal impact assessment techniques.

The resources proposed in the fiscal year 1983 budget will be adequate to continue research which will provide the States and EPA with information on toxic aquatic pollutants in future years.

CRITERIA DOCUMENTS

Question: Provide a schedule for the completion of the criteria documents for each of the 65 priority pollutants.

Answer: On November 28, 1980, criteria documents for 64 of the 65 priority (toxic) pollutant groups were published. The last document, 2,3,7,8 - tetrachlorodibenzo-p-dioxin (dioxin), is being reevaluated for human health effects and is expected to be published as a final document by September 1982.

Several individual pollutants from among the 64 pollutant groups did not have fully developed aquatic life criteria because of an insufficient data base. Additional aquatic life toxicity data have been acquired for acrolein, butyl benzyl phthalate, 1,3-dichloropropene, fluoranthene, chloroform, pentachlorophenol, silver, and toluene. Aquatic life criteria for these pollutants will be published by December 1982.

TOXIC POLLUTANT MEASUREMENT, MONITORING

Question: Provide an analysis of the resources necessary to continue toxic pollutant measurement, monitoring and quality assurance methods for use in identifying existing situations where pollutants are known to be present. In addition, provide a schedule for the completion of this effort.

Answer: EPA estimates 32 EPA workyears for monitoring toxic pollutants in fiscal year 1983 are needed. This estimate includes resources needed to develop technical guidance to the States and provide limited "hands-on" assistance to the States in areas where toxic pollutant problems are either known or suspected. This direct monitoring support to the States will consist of laboratory and field assistance for identifying priority waterbodies, increasing the use of biological monitoring techniques for toxic pollutants, conducting limited chemical-by-chemical monitoring activities primarily in conjunction with the States, improving laboratory and field quality assurance procedures, and improving laboratory analysis methods for toxic pollutants.

There is no fixed schedule for the completion of toxic pollutant monitoring, since the States have not completed the process of identifying priority waterbodies that may require monitoring of toxic pollutants.

WATER RESEARCH

Question: Provide a schedule for the completion of research in the following areas:

-- toxic pollutant control.

-- new process development

-- urban runoff combined sewer overflow areas.

Answer: With the completion of major research work in the toxic pollutant control area, this program will be reduced in fiscal year 1983. Our research studies have concluded that municipal wastewater treatment is more effective than originally expected in removing toxic metals and organics discharged by industry. Major projects are being completed which: characterize the sources, occurrence and concentration of priority pollutants in the influents and effluents of municipal treatment systems; assess the treatability and removability of priority pollutants by a variety of conventional and advanced processes; and develop toxic control options and strategies using various modelling and systems analysis approaches. The fiscal year 1983 level will be used to maintain a staff capability to give technical assistance to regions and municipalities in planning local pretreatment programs.

Research in the new process development area is a part of the innovative/alternative (I/A) technology research program and is not scheduled to be completed in the near future. Current emphasis is placed on evaluating innovative biological processes which have the potential to reduce cost and energy requirements, and increase reliability. We plan to maintain an adequate research effort to assist industry in providing the municipalities with the tools necessary to carry out their water pollution control programs effectively and economically.

As a result of the completion of major efforts, the urban runoff research program will be reduced in fiscal year 1983. Research and development activities in the urban runoff area began in fiscal year 1965. From fiscal year 1965 through fiscal year 1982, we have directed approximately $59.0 million to the program. The research efforts have resulted in the development and evaluation of over fifty specific technologies, systems analysis techniques, and management methods that can be used effectively in mitigating pollution problems stemming from combined sewer overflows.

A current example of our efforts in this area is the combined sewer overflow project planned with New York City and Sweden. New York City will provide $150,000 in matching funds and laboratory services. Sweden has provided $18,000 for the design of Jamaica Bay's combined sewer overflow control facility, which will utilize that country's successful "Receiving Water Flow Balance Method". Our share will be about $275,000. Successful implementation of this project in tidal waters under extreme climatic conditions could result in the availability of a highly cost-effective treatment technology for combined sewer overflow abatement and control. This is also a good example of Administration's New Federalism where a State offers

to spend its dollars to implement a highly desirable project with Agency participation.

Future activities in this research area will focus on the development of new infiltration/inflow (I/I) measurement and correction techniques because I/I can greatly impact the treatment efficiency of many municipal plants. The fiscal year 1983 level will also be used to maintain a staff capability to give technical assistance to regions and municipalities in planning facilities for controlling pollution from combined sewer overflow discharges.

RESOURCE IMPLICATIONS OF FULL DELEGATION OF CONSTRUCTION GRANTS

Question: Provide an analysis of the EPA and Corps of Engineers resources necesary to manage the wastewater construction grants program if fully delegated to the States.

Answer: We are currently working on refining our resource models to identify resource needs under full delegation among EPA, the Corps of Engineers, and the States. We are also evaluating the long term definition of "full delegation" for each State and the implications for EPA resource needs.

In addition, the municipal wastewater construction grants program is one of the Federal programs proposed for phased transfer to the States under the President's "New Federalism" proposal. There are several alternatives currently being considered with respect to the roles and responsibilities EPA would have under this proposal. Until final decisions are made concerning EPA's future roles and responsibilities in the program, it will not be possible to provide accurate projections of EPA resource needs after the States have achieved full delegation. Under current legislation, EPA would continue to require a core level of resources to continue to exerise our responsibilities for certain nondelegable activities and for results oriented oversight of delegated State programs. Because of the range of assumptions about EPA workload and timing of full delegation, we cannot provide detailed estimates of EPA resources.

The need for Corps of Engineers resources will decrease at some point in the mid-1980's as the States become fully delegated and they phase out the Corps' involvement. EPA still will continue to need Corps resources to help us with appropriate aspects of delegated State program oversight and to provide support in three categories of States. First, some States and territories do not plan to accept delegation or are not amenable to delegation because they are the grantee themselves or because they are too small or too geographically dispersed. Second, some States moving to full delegation will need Corps assistance until they are able to assume all activities. Third, some States will require Corps assistance because the funds available under Section 205(g) are not great enough to support the total delegated program.

Because of the uncertainties about the exact level of resources needed to support this latter group of States and the uncertainties surrounding the implications of the "New Federalism" proposal, we also cannot provide a definitive answer about the needed level of Corps resources.

DISCONTINUED OR REDUCED STATE ACTIVITIES

Question: Provide a detailed analysis of the activities that will no longer be funded and those that will receive reduced funding in the 106 program in 1983.

Answer: The subject of State environmental grants is addressed in the President's Fiscal Year 1983 Budget. EPA administers six categorical State grant programs, including water quality and drinking water related programs. Reductions of 19% in fiscal year 1983 funding are proposed as a result of significantly reduced Federal demands on State management responsibilities. EPA will initiate actions to increase State flexibility and control over their pollution abatement activities. These include:

* Reducing program requirements on States
* Reducing Federal oversight of State permit and implementing actions
* Reducing Federal reporting requirements
* Encouraging State user fees

These regulatory and administrative reforms should help the States operate their pollution abatement programs in a more efficient manner.

Nevertheless, we believe that the States will take advantage of our regulatory reforms and additional funding available under sections 205(g) and 205(j) to continue to work toward meeting the goals of the Clean Water Act.

ACTIVITIES FUNDED WITH SECTION 205(j)

Question: Describe what activities 205(j) funds will pay for and how it will be administered.

Answer: Section 205(j) funds will be used to carry out the water quality management activities specified in the statute with special emphasis on water quality monitoring and use attainability and on review and revision of water quality standards. States will be required to submit a work program documenting their intended uses of the funds before the grant

14-067 O - 83 - 57

is awarded. The Agency is encouraging the States to meet with the appropriate agencies to provide them an opportunity to participate in work program development and to involve them in appropriate water quality management activities. EPA intends to begin approving grants as soon as an appropriation is passed and the regulation governing 205(j) grants is published in the Federal Register, probably June of 1982.

ACCOMPLISHMENTS FROM WATER GRANTS

Question: Describe what the 106 program will accomplish in fiscal year 1983.

Answer: In fiscal year 1983, the section 106 program, in conjunction with associated State resources, will continue to fund existing base water quality program activities. States will continue to monitor water quality, determine existing problems, develop and implement solutions to their priority problems, and evaluate the success of their control activities.

The States will emphasize the implementation of a water quality based approach to pollution control, keyed to problems in priority water bodies where technology-based controls fail to result in the attainment of designated uses. Interstate agencies will continue to perform water quality activities in accordance with agreements between the member States and EPA.

SCHEDULES FOR EFFLUENT GUIDELINES

Question: In the fiscal year 1982 budget justification, the decrease in resources for Effluent Standards and Guidelines "reflects a policy decision to promulgate effluent standards and guidelines over a longer time-frame". The fiscal year 1983 budget justification explains that the fiscal year 1983 reduction in resources is because 24 guidelines will be proposed and 11 promulgated before fiscal year 1983. Explain in detail how EPA will propose 24 guidelines and promulgate 11 others given the fiscal year 1982 budget justification.

Answer: The Agency has not made any policy decision to promulgate effluent standards and guidelines over a longer time-frame. In fact, the Administrator's 1983 budget guidance stressed elimination of backlogs as one of her highest priorities, and the Office of Water is responding to that charge.

EPA's revised schedules, which are before the District Court, now forecast the proposal of eighteen guidelines and the promulgation of seven prior to fiscal year 1983. An additional two regulations will be proposed and one will be promulgated in the first month of fiscal year 1983. This slippage in the projected fiscal year 1982 schedule is primarily attributable to past delays experienced in the intra-Agency review process.

This review process has undergone reform. The reform will shorten the intra-Agency review process markedly without sacrificing the overall quality of the regulations.

The delays experienced were essentially procedural in nature and will not necessitate increased resources in fiscal year 1983 for guidelines development.

TOXICS IN PUBLICLY OWNED TREATMENT WORKS

Question: Provide a schedule and a description of the results so far in the investigation of the fate and effects of toxics in POTW's.

Answer: The Office of Water has undertaken three sampling and analysis studies of toxic pollutants related to POTW's. Municipal sewer systems in four cities were sampled to determine the sources (domestic, commercial, and industrial) of toxic pollutants. A final report "Sources of Toxic Pollutants Found in Influents to Sewage Treatment Plants," was published in June 1979. Treatment plants in 40 cities were sampled to determine the removals of toxic pollutants by secondary treatment. An interim report, including data from 20 cities, "Fate of Priority Pollutants in Publicly Owned Treatment Works," was published in October, 1980 with a final report due in June of 1982. The final study is the sampling of combined sewer overflows (CSO's), under wet weather conditions, in four cities. This study was initiated in 1981 with the sampling scheduled for completion in the Fall of 1982. The CSO study will complete the Office of Water's sampling and analysis of toxic pollutants in POTW's.

Summary of results:

- One hundred of the 129 toxic pollutants were detected at least once in POTW influents. Twenty-three of these were detected in more than fifty percent of all influent samples.

- Typically, of the inflow to a POTW 67 percent of the metals and cyanide and 54 percent of the organics are from industry. The remainder are fairly equally distributed between domestic and commercial sources.

- Secondary treatment on the average removes 64 and 75 percent of the metals and toxic organics, respectively. Removed metals are all found in the municipal sludges while toxic organics are either biodegraded or air stripped with less than 50 percent of the removed organics found in the municipal sludge.

- Heavy metals and a limited amount of organics are found in combined sewer overflows.

RESOURCES FOR COMPLIANCE AUDITS

Question: Provide an accounting of the resources necessary to implement the Task Force Report to the Inspector General on Compliance Auditing of the Construction Grants Program. Indicate which resources would be EPA, State, local, or Corps of Engineers.

Answer: EPA has developed the following estimates for the three activivities which relate to compliance audits:

- o Final payment review, administrative checkout, and submission to audit (10 workdays per project)
- o Support to the Inspector General's office during audit (4 workdays per project)
- o Audit resolution (10 workdays per project)

These activities are normally performed by EPA Regional or State agency personnel, depending on whether the particular State involved has been delegated this portion of the program. The final payment review portion of the first activity area is sometimes performed by the Corps of Engineers.

The Inspector General proposal would increase required pre-audit effort through adding some duties not now being performed such as project officer review certifications. We expect that the effort required during the audit process will remain the same. Necessary audit resolution time may decrease slightly because of increased front-end review and new limited scope audits. We have recently asked our Regional Offices to review the Report and advise us of effects they perceive. We expect to have completed our review of comments in a couple of months and will provide you additional information in the event that the effects would be substantially different from those we see now.

SAVINGS FROM REVISED CONSTRUCTION GRANT REGULATIONS

Question: Provide an analysis of the resources saved by the implementation of the revised wastewater construction grants regulations. Identify whether the resources saved are EPA, State, local, or Corps of Engineers.

Answer: The revised regulations incorporate the provisions of the 1981 amendments to the Clean Water Act and various administrative reforms to simplify and streamline the construction grants program. We have eliminated all requirements that are not mandated specifically by the Act, minimized the burden placed on applicants, and given grantees much greater flexibility to choose the most cost-effective methods to meet essential requirements. Increased delegation to the States will also eliminate duplicative reviews and reduce processing time. We have reduced the sheer volume of the regulations by comparing old part 35 regs with new part 35 regs. including that part related to the 1981 amendments and by 50% overall.

EFFLUENT GUIDELINES-1981 ACTIVITIES

Question: For fiscal year 1981, provide an analysis of the resources (workyears and dollars) expended on the development of effluent standards and guidelines. Describe in detail the activities performed and outputs achieved.

Answer: In fiscal year 1981 the program conducted technical analytic studies, economic and statistical analyses, health effect determinations, and environmental exposure and risk studies. Specific outputs and associated workyears include the following:

- The program conducted engineering studies for 21 industrial categories. This resulted in the proposal of six effluent guidelines in fiscal year 1981 (steam electric, coal mining, coil coating, iron and steel manufacturing, porcelain enameling, pulp and paper). The resource costs of these studies totaled $11.5 million in extramural funds and 75.0 workyears.

- The program completed eight (coal mining, coil coating, ink formulation, leather tanning, paint formulation, petroleum refining, porcelain enameling, pulp and paper) of twenty-one economic studies in fiscal year 1981. These studies are conducted in concert with the engineering studies to determine "economic achievability." Resource costs in this effort totaled $2.6 million and 13 workyears.

- The program developed a methodology and data base to assess the cost-effectivesness of regulatory alternatives. The project cost was approximately $100,000.

- The program initiated field sampling of 30 offshore platforms to collect data necessary to develop new source performance standards for the offshore oil and gas industry. Engineering cost data for treatment options was put in draft form. The project cost was $290,000 and 1.5 workyears.

- Additional funds and workyears were devoted to the following activities: assistance to permit writers; technical, economic, and statistical work to develop synfuel regulations; the study of the fate and effects of toxics in publicly owned treatment works; environmental analyses of alternative regulatory controls; and the development of exposure/risk studies for selected priority pollutants.

EFFLUENT GUIDELINES - 1982 STATUS

Question: For fiscal year 1982, provide a current status and a schedule for the rest of fiscal year 1982 for publishing proposed national effluent standards and guidelines. Be specific as to the status of the development of regulations in each of the 37 industrial categories. Provide a resource analysis (work-years and dollars) of the effort expended to date in fiscal year 1982 on the development of these standards and a projection of resources to be expended through the end of fiscal year 1982.

Answer: The schedule for fiscal year 1982 projects is shown in Attachment A. Note that five industry projects (aluminum forming, battery manufacturing, electrical and electronic products, metal finishing, and ore mining) are to be proposed in fiscal year 1982 and another six (ink formulation, inorganic chemicals, iron and steel, paint formulation, petroleum refining, and textile mills) are to be promulgated.

Another ten industries have received or are being considered as candidates for Paragraph 8 exemptions: soaps and detergents, photographics, gum and wood, printing and publishing, auto and other laundries, adhesives and sealants, carbon black, rubber processing, paving and roofing, and explosives. Another, plastics forming, for which we have gathered technical data, has been deferred because of temporary staffing difficulties; the court is aware of this fact. Mechanical products and electroplating are to be considered together as metal finishers. The organic chemicals industrial category and plastics and synthetics industrial category will be proposed and promulgated simultaneously.

The schedule for the proposal and promulgation of 24 industrial categories which was proposed to the Court is given in Attachment B. This, plus the ten paragraph 8 exemptions and one deferment, accounts for the status of the 37 industrial categories. Note that due to the recent court decision (May 7, 1982) not to revise the Consent Decree, the Agency has new instructions on preparing a proposal/promulgation schedule. This schedule is due to the Court by June 21, 1982.

The Agency expects to use a total of $8.1 million in contract funds and 116.3 total workyears in the effluent standards and guidelines program element in fiscal Year 1982. $1.5 million of the $8.1 million contract funds is a reprogramming of Agency 1981 carryover funds. To date, $3.68 million in contract funds have been committed or obligated and 67.5 total workyears have been expended in fiscal year 1982.

Attachment A

Fiscal Year 1982 Regulatory Development Schedule

	Proposal Dates
Aluminum Forming	8/82
Battery Manufacturing	8/82
Electrical and Electronic Products	8/82
Metal Finishing	8/82
Ore Mining	5/82

	Promulgation Dates
Ink Formulation	8/82
Inorganic Chemicals	7/82
Iron and Steel	5/82
Paint Formulation	7/82
Petroleum Refining	9/82
Textile Mills	9/82

Attachment B

Status of Regulatory Development for Industrial Categories

Under Development

Aluminum Forming
Battery Manufacturing
Copper Forming
Electric and Electronic Products
Foundries
Metal Finishing
(Mechanical Products and Electropating)
Non-ferrous Metals
Ore Mining
Organics & Plastics
(Organic Chemicals and Plastics and Synthetics)
Pesticides
Pharmaceuticals

PROPOSAL

Coal Mining
Coil Coating
Ink Formulation
Inorganic Chemicals
Iron and Steel
Leather Tanning
Paint Formulation
Petroleum Refining
Porcelain Enameling
Pulp and Paper
Steam Electric
Textiles

PROMULGATED

Timber

EFFLUENT GUIDELINES - 1983 ACTIVITIES

Question: Provide a schedule and description of resources to be expended in fiscal year 1983 on the development and promulgation of effluent standards and guidelines. Describe the activities to be performed and outputs to be achieved.

Answer: The Agency requests a total of 68.4 permanent workyears (93.4 total workyears) and $7.4 million in extramural funds to conduct the guidelines development program and related guidelines implementation activities in fiscal year 1983. The majority of the resources in the effluent standards and guidelines account is dedicated to completing pretreatment and BAT studies (47.8 total workyears, $3.54 million). The schedule for guidelines proposal and promulgation which was submitted to the Court is attached. This schedule is currently under revision due to the recent court decision (May 7, 1981) not to revise the Consent Decree. This decision gave the Agency new instructions on preparing a schedule due to the Court by June 21, 1982.

Ten regulations (aluminum forming, battery manufacturing, electrical and electronic products, ore mining, coal mining, coil coating, leather tanning, porcelain enameling, pulp and paper, steam electric) will be promulgated in fiscal year 1983. Regulations will be proposed for another six (copper forming, foundries, nonferrous metals, pesticides, pharmaceuticals and organics chemicals and plastics and synthetics) industries. In addition, the Agency will develop new source performance standards for the oil and gas extraction industry.

In support of the efforts, the following activities will be undertaken: evaluation of public comments; review of data bases for statistical validity; completion of Regulatory Impact Analyses and other analyses as required by Executive Order 12291; collection of additional data as necessary; determination of environmental benefits; estimation of social costs; and completion of related economic and cost-effectiveness studies.

Of the total request discussed above, 10.4 total workyears and $1 million are provided to conduct Regulatory Impact Analyses, 10.6 total workyears and $670,000 are provided to assist NPDES delegated states in developing permits, and 11 total workyears and $1 million are provided for post-proposal and post-promulgation negotiations and assessments.

EFFLUENT GUIDELINES RULEMAKING SCHEDULE

Industry	Proposal	Promulgation
Aluminum Forming	08/82	09/83
Battery Manufacturing	08/82	09/83
Coal Mining	01/81	10/82
Coil Coating	01/81	11/82
Copper Forming	12/82	01/84
Electrical & Electronic Products .	08/82	08/83
Foundries	11/82	01/84
Ink Formulation	01/80	08/82
Inorganic Chemicals (Phase I)	07/80	07/82
Iron & Steel Manuf.	01/81	05/82
Leather Tanning & Finishing	07/79	12/82
Metal Finishing	08/82	10/83
Nonferrous Metals (Phase I)	01/83	02/84
Ore Mining	05/82	03/83
Organic Chemicals and Plastics & .. Synthetic Materials	03/83	06/84
Paint Formulation	01/80	07/82
Pesticides	10/82	11/83
Petroleum Refining	12/79	09/82
Pharmaceuticals	10/82	11/83
Porcelain Enameling	01/81	12/82
Pulp & Paper	01/81	11/82
Steam-Electric	10/80	03/83
Textile Mills	10/79	09/82
Timber	10/79	01/81

BEST CONVENTIONAL TECHNOLOGY

Question: Provide a status and schedule for the development of the BCT methodology and BCT limitations for primary and secondary industries.

Answer: A draft methodology and rulemaking package for Best Conventional Technology has been prepared and is now undergoing intra-Agency review. The package will be proposed in July, 1982 and promulgated in May, 1983. Included with the BCT cost methodology will be BCT limitations for the following industries: timber, pulp and paper, inorganic chemicals, ore mining, and metal finishing.

BCT limitations for industries other than those mentioned above will be proposed and promulgated in accordance with the following schedule: (1) for those industries for which Best Available Technology has already been proposed, promulgation of BCT will occur six months after promulgation of BAT; (2) for those industries for which regulations have yet to be proposed, BCT will be proposed and promulgated concurrently with BAT. A BAT proposal/promulgation schedule has been provided.

TOXIC "HOT SPOTS"

Question: Provide the status and a schedule for publishing the strategy identifying and addressing toxic "hot spots" of pollution. If the court does not relieve EPA from this responsibility, how will EPA fund this activity in fiscal year 1983?

Answer: EPA has already identified areas and pollutants with potential toxic pollutant problems and has released a strategy for addressing them. On July 27, 1981, pursuant to Paragraph 12(c) of the consent decree, EPA identified 34 areas and 12 toxic pollutants for which additional controls may be necessary after controls under Best Available Technology are established. The Agency's strategy for implementing these controls was issued on February 3, 1982.

Since most of the work pursuant to Paragraph 12(c) is completed, new funding in fiscal year 1983 is not necessary. There does remain, however, a certain amount of follow-up work with the States and EPA Regions in reviewing additional monitoring studies and control actions in the 34 areas. Resources to carry out these activities are included in the President's Budget request.

PRETREATMENT REGULATIONS

Question: Provide a status of the current suspension of EPA's general pretreatment regulations. Provide a detailed description

of current efforts to revise the general pretreatment regulations. Provide an accounting of the resources (workyears and dollars) being expended on this effort.

Answer: The General Pretreatment Regulations (GPR), which establish the administrative and procedural framework for the National Pretreatment Program, are currently effective. Local and State programs continue to be developed pursuant to its provisions and deadlines. A total of three permanent workyears and $900,000 in contract funds is being used for GPR development from our 1982 Water Quality Permits budget.

Amendments to the GPR, which in response to an industry law suit and settlement agreement focused on simplifying the removal credits section, were promulgated on January 28, 1981. The original effective date was postponed while the Agency re-examined the program. A recent rulemaking, requiring approximately one workyear of effort, resulted in most parts of the amendments taking effect January 31, 1982. The effective date of the removal credit, combined wastestream formula, and definitions of pass through and interference portions of the amendment package was resuspended to allow more intensive re-evaluation. Federal Register packages to finalize these amendments are undergoing preliminary Agency review. Approximately one workyear is being used for preparation, review, and processing of these packages. $100,000 of the contract funds will be required to provide some analysis of the impacts of these packages.

In addition to finalizing the suspended amendments, an Agency regulatory reform workgroup will commence work in late FY 1982. This group will concentrate on procedural streamlining and simplifying of the GPR. The principal emphasis will be on reducing paperwork and reporting burdens in accordance with the Paperwork Reduction Act. Where appropriate, the regulations will be made compatible with the results of the litigation on the Consolidated Permit Regulations. We estimate that one workyear and $200,000 in contract resources will be used in 1982 to complete this project.

The Agency has conducted a Regulatory Impact Analysis (RIA) to review its pretreatment policy and formulate recommendations for modifications to the CWA and the GPR. To date, the RIA has cost in excess of $600,000. During 1982, regulation revisions resulting from the RIA and CWA amendments will require one workyear.

RESOURCES FOR PRETREATMENT

Question: Provide a description (activities and resources) and schedule for the development of "categorical" pretreatment standards.

Answer: The activities undertaken to develop pretreatment standards are essentially the same as those activities undertaken

to develop Best Available Technology standards. These activities include data collection and analysis, options development, and options selection, as well as a test of industrial effluent compatability with the Publicly Owned Treatment Works.

Since the activities conducted to develop categorical pretreatment standards are essentically similar to those activities conducted in developing BAT, the cost in developing pretreatment standards is marginal, representing approximately 10% of the total cost in writing industrial effluent standards. This percentage may vary from industrial category to category dependent on the proportion of indirect dischargers in that category. For example, the metal finishing industrial category is 80% indirect dischargers, and the cost in sampling plant effluents would reflect this high percentage. Since the work is similar, the Agency proposes and promulgates categorical pretreatment standards at the same time as BAT standards. A BAT development schedule has been provided.

ADDITIONAL RESOURCES FOR EFFLUENT GUIDELINES

Question: If the Agency is not successful in modifying the NRDC Consent Decree on water programs, what additional resources will be necessary in fiscal year 1983 if the Agency fulfills its responsibility under that Decree and the Clean Water Act?

Answer: A major thrust of our request to modify the National Resources Defense Council Consent Decree was to adjust the schedule for the development of Best Available Technology effluent guidelines. The Court recently decided not to revise the Consent Decree and gave the Agency new instructions on preparing a schedule, which is due by June 21, 1982.

At this point in the guidelines development program, additional resources are not the constraining factor in guidelines promulgation. Most of the resource-intensive work of data collection, data analysis, and options development has been completed. However, the intra-Agency review that needs to be completed before proposal and promulgation of these regulations is procedural and time-intensive (not labor-intensive) in nature.

HEADQUARTERS RESOURCES FOR CONCURRENCE ON CONSTRUCTION GRANTS

Question: Provide an analysis of the EPA Headquarters resources expended in the wastewater construction grants concurrence process since January 1, 1981. In addition, provide the number of construction projects that have been concurred in and signed by the Administrator.

Answer: Since January 1, 1981, EPA Headquarters staff have reviewed 218 projects for concurrence by the Administrator. We estimate these reviews have required approximately three workyears

to date. Of the 218 projects reviewed, 202 or 93 percent have received concurrence.

Question: Provide a similar analysis for AWT projects.

Answer: With respect to AWT reviews, since January 1, 1981, EPA Headquarters staff have completed review of 13 projects with incremental costs over $3 million; 5 more are nearing completion. In nearly every case, aspects of the projects have been altered or deferred based on the reviews with significant resulting capital and operations and maintenance cost savings. In addition, Headquarters staff expect to complete review of an additional 19 projects for the Administrator's concurrence during this fiscal year. Approximately 25 Headquarters staff from various offices have been involved in these reviews, totaling at least 10 workyears annually in 1981 and 1982.

RESOURCES FOR WAIVERS FROM PRETREATMENT

Question: What level of resources will be necessary in fiscal year 1983 through fiscal year 1985 to consider application for waivers from pretreatment standards under EPA's proposed amendments to the Clean Water Act?

Answer: At the present time, the nature of the pretreatment waiver to be proposed is still under discussion by the Administration. We cannot provide more precise information at this time.

CLEAN WATER ACT AMENDMENTS

Question: Was the passage of your amendments to the Clean Water Act assumed in any way in the preparation of the fiscal year 1983 budget documents? If so, to what extent would resource levels be increased if those amendments are not adopted during this session of Congress?

Answer: No, we did not assume passage of amendments to the Clean Water Act in the preparation of the fiscal year 1983 budget request. The fiscal year 1983 request is based on carrying out the existing requirements of the law. Therefore, there would be no resource increases necessary if the amendments are not adopted.

DRINKING WATER TRAINING AND EDUCATION

Question: Provide an accounting of how the Abatement and Control portion of funds appropriated for training and education in non-delegated States and Indian Lands were used in 1981 and 1982.

Answer: The information follows:

Fiscal Year 1981

REGION III	
. Laboratory Services for Pennsylvania	$6,889
. Training for Pennsylvania Small Water Plant Operators	3,420
	$ 10,309
REGION IV	
. Course on Cross Connection Control for Indian Lands	23,000
. Training Program for Indian Land Operators for Cross Connection Control, Treatment Techniques and PWS Operation	8,300
	$ 31,300
REGION VI	
. IAG-Indian Health Services Sanitary Surveys in New Mexico	10,906
. Water Treatment Courses for Pueblo & Apache	5,000
	$ 15,906
REGION VII	
. University of Iowa Hygenic Laboratory Program for Monitoring and Analysis	45,140
	$ 45,140
REGION VIII	
. University of Wyoming Project to Implement a Statewide Program for Training PWS Operators	32,246
. American Water Works Association Program for PWS Operator Training on Indian Lands in South Dakota	31,579
. Wyoming Field Evaluations of 200 High Priority Non-Community Systems	21,027
. Montana Operator Training for Indian Lands	15,265
	$100,117

REGION IX

. Navajo Tribal Water Comission PWSS Program Augmentation	$55,000
. American Samoa PWSS Program Augmentation	40,000
. IAG to Indian Health Service (IHS), Tucson, Arizona, for Lab Capability	30,000
. IAG to IHS, Aberdeen, for PWSS Operator Training	1,208
. IAG to IHS, Navajo, for Training in Laboratory Analytical Techniques	2,410
. IAG to IHS, Phoenix, for O&M Training	30,000
. Contract Laboratory Services for Radionclide Analysis on Indian Lands	7,000
. ADP System for Indian Lands	5,082
	$170,700

REGION X

. Oregon Environmental Council Program to Train PWS Operators	7,600
. Linn Benton Community College PWS Training for Operators in Oregon	30,000
. University of Oregon - PWS Training for Giardia	6,730
. County Health Dept. Projects for Oregon Sampling and Compliance Analysis	34,024
	$78,354
NATIONAL TOTAL	$451,826

EXPENDITURE PLAN FOR FISCAL YEAR 1982 EXTRAMURAL FUNDS
(Only Indian Lands and Non-Delegated States)

REGION III

. Laboratory Services for Pennsylvania Systems	15,000
. Production Control for MSIS in Pennsylvania	20,000
. PA Non-community System Enforcement Program	25,000
. Technology Transfer Seminars for Pennsylvania System Operators	2,000
. Corrosion Control Training for Pennsylvania Systems	1,000
. Sampling Equipment for Use of Pennsylvania	500
	$63,500

REGION IV	
. Operation and Maintenance Training for Indian Land Systems	$ 4,000
. Contract for Chemical Analyses of Cherokee, Seminole, and Miccosukee Systems	1,100
	$ 5,100
REGION V	
. IAG to IHS for Operation and Maintenance Training for Operators of Small Systems on Indian Lands	5,000
	$ 5,000
REGION VI	
. IAG - IHS Sanitary Surveys of Indian Land Systems	20,000
. General Training for Operators of Indian Land Systems	2,500
	$22,500
REGION VII	
. AWWA Training for Indian Land Operators	5,000
. General Support for Iowa Program	47,200
	$52,000
REGION VIII	
. Sanitary Surveys of Systems in South Dakota, Wyoming, and Indian Lands	64,000
	$64,000
REGION IX	
. IAG to IHS, Sacramento, for Sanitary Surveys	20,000
. IAG to IHS, Tuscon, for Sanitary Surveys	25,000
. Sample Analyses of Indian Land Water Systems	8,000
. Navajo Tribal Water Commission PWSS Program Augmentation	45,000
	$98,000
REGION X	
. Linn Benton Community College - PWS Training for Indian Land System Operators	$20,000
. Assessment of Turbidity/Bacteriological Programs in Oregon Systems	13,000
. Investigation of Arsenic Contamination in Oregon Small Systems	7,000
. AWWA Financial Training for Oregon System Owners	2,500
	$42,500
NATIONAL TOTAL	$352,800

DELEGATION OF PUBLIC WATER SUPPLY PROGRAM

Question: Provide the status of the delegation of the Public Water System Supervision Program and a schedule of planned delegation. Explain how this program has been streamlined and what activities will no longer be paid for with the State assistance grants.

Answer: The Public Water System Supervision (PWSS) Program is currently delegated to 49 States and Territories. We expect to redelegate the program to Iowa in fiscal year 1982. Also, there are prospects that Pennsylvania and the Northern Marianas Islands will assume primacy sometime after 1982.

The subject of State environmental grants is addressed in the President's Fiscal Year 1983 Budget. EPA administers six categorical State grant programs, including water quality and drinking water related programs. Reductions of 19% in fiscal year 1983 funding are proposed as a result of significantly reduced Federal demands on State management responsibilities. EPA will initiate actions to increase State flexibility and control over their pollution abatement activities. These include:

* Reducing program requirements on States
* Reducing Federal oversight of State permit and implementing actions
* Reducing Federal reporting requirements
* Encouraging State user fees

These regulatory and administrative reforms should help the States operate their pollution abatement programs in a more efficient manner.

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IMPROVING SCIENTIFIC DATA WHILE REDUCING FUNDING FOR HEALTH EFFECTS RESEARCH

Question: How will EPA improve its scientific data while, at the same time, reducing funds for health effects data collection?

Answer: Our request for fewer resources to conduct health effects research in fiscal year 1983 is not an indication of less concern for drinking water contaminants, but one of greater research focus. We believe our request for $9.2 million for this research program will be sufficient to meet the planned research activities for the coming fiscal year. Total investment directed to health effects research in the drinking water program from fiscal year 1978 through fiscal year 1982 amounted to $44.1 million.

We will improve the scientific base in the next fiscal year through the collection of additional health effects information that will directly support the revision of National Primary Drinking Water Regulations. This research will focus on assisting the regulatory program in developing economically achievable, scientifically valid, and safe drinking water standards.

Our fiscal year 1983 research program will concentrate on three major areas: organic, inorganic, and microbiological contaminants. Research activities in the organic chemicals area will address the occurrence and related health effects of specific organic chemical contaminants that have been identified by the Office of Drinking Water as being significant health problems because they have the potential to cause cancer or chronic diseases. Research on inorganic chemical pollutants will be concerned primarily with cardiovascular diseases, cancer, and developmental toxicity. Research on microbiological pollutants will continue to focus on investigating waterborne outbreaks of infectious diseases by identifying the causative agents and determining the route of entry, resulting in recommendations for corrective action.

DRINKING WATER STANDARDS

Question: What additional resources would be required to complete EPA's review of the standards and guidelines for drinking water (organic chemicals and other compounds identified in water supplies) in FY 83?

Answer: The Office of Drinking Water is proceeding to review the present National Primary Drinking Water Regulations (NPDWR) in relation to the latest available scientific information. EPA is mandated by the Safe Drinking Water Act to promulgate comprehensive Revised NPDWR's to supplant the Interim regulations now in effect. At the same time, EPA is considering promulgating standards for several organic chemicals encountered throughout

the country and which the best available scientific information indicates may pose unacceptable human health risks. EPA published an Advanced Notice of Proposed Rule-making on March 4 announcing this effort, and any regulations resulting from this would be considered part of the final Revised regulations.

EPA's budget request has provided for resources to carry out this effort through fiscal year 1983. Progress in reviewing existing regulations and considering other chemicals for regulation (i.e., establishing which chemicals pose a health risk sufficient to warrant national regulations and what levels of exposure are warranted) in large part depends on the presently available scientific data and the findings of research completed previously. Review also involves study and consideration of the economic impact on both the regulated community and the regulators, taking into account the past performance in monitoring and treatment for chemicals now regulated.

Additional resources would not accelerate the promulgation of standards in fiscal year 1983. The Agency requires additional time to complete public hearings and review public comments before promulgating final standards. In this instance, time, not resources, is the critical factor in completing the standard setting process.

SOLE SOURCE AQUIFERS

Question: Why are you planning to review only five sole-source aquifer petitions in FY 1983 in contrast to 12 in FY 1981? How many sole-source aquifer (SSA) petitions are there pending? What resources are needed to complete them in a year or in five years?

Answer: There is no way to predict the specific number of petitions that will be reviewed in a given year. Petitions are initiated by the general public and environmental action groups. Our experience indicates that there is an increase in the number of petitions when there is an increase in national publicity about ground-water contamination incidents. Six petitions were received in calendar year 1979, three in 1980, and eight in 1981. Our predictions are best estimates based on previous activity. There are presently 15 petitions in various stages of review, processing and study.

The resources needed to complete action on SSA petitions depend on the extent of the area petitioned, the geologic complexity of that area, the amount of information available from previous studies of the area, and how well the petition is prepared. Eight workyears were allocated to process SSA petitions in fiscal year 1982. We have allocated four work-years in the fiscal year 1983 request to this activity, because we are projecting that fewer reviews will be needed in 1983.

PESTICIDES - HEALTH EFFECTS

Question: The pesticide division has been developing a substantially improved scientific basis for reviewing the health effects of pesticides on applicators and the effects of the pesticide residues on consumers. What resources are required to complete this process in two years?

Answer: We assume that your question concerns the Agency's efforts to improve both its tolerance-setting approach and its approach to evaluating risks to pesticide applicators and other exposed workers. We are proceeding to improve our ability to employ more realistic estimates of food consumption and residue levels in the tolerance assessment program. This is a long-term effort that will bear some fruit soon, but is sufficiently complicated that it will not be completed for some years, regardless of budget levels. In the area of understanding exposure to applicators and other persons, we believe we are closer to developing much improved tools for the assessment of risks. These efforts include modeling approaches and actual field studies to increase our understanding of likely actual exposure. We have formed a work-group that is in contact with other agencies and selected industry groups on improvements in protective clothing approaches. In addition, as part of its guidelines development, the Agency will make available advisory protocols for determining appropriate worker field re-entry intervals. Finally, the Agency is piloting the monitoring of farmworker exposure in several States to see if a national effort is worthwhile. All of these activities will enhance the Agency's ability to deal with the question of applicator and farmworker exposure.

PESTICIDES - NATIONAL PESTICIDE HAZARD ASSESSMENT PROGRAM

Question: The pesticide program had operated a series of projects at universities which collected information on pesticide poisonings and general health effects. These university projects also assisted persons who were poisoned. How much has the budget been reduced for this program, and what level of resources would be necessary to operate such centers in a manner conveniently located to all major pesticide use areas?

Answer: The National Pesticide Hazard Assessment Program, (NPHAP) formerly known as the Epidemiologic Studies Program (ESP), provides for the integration of independent scientific and field expertise into the regulatory activities of OPP. Originally established through a series of cooperative agreements with nine major universities and three state health departments, the NPHAP constitutes a major source of information on human exposure and health effects of pesticides. It also provides professional support for the assessment of pesticide risks conducted by OPP.

The NPHAP supports all facets of OPP's operations, including:

- o The conduct of field studies, health effects, and exposure assessment in support of pesticide rule-making;
- o Activities designed to obtain information on the efficacy of past regulatory decisions through monitoring and special studies (e.g., human milk);

- o Direct assistance to regions, states, and members of the public by providing access to highly sophisticated expertise in field investigation, medicine, and pesticide analysis;

- o Access of OPP and other offices in EPA to expertise in medicine, toxicology, epidemiology, biostatistics, analytical chemistry, and data management, all of which are brought to bear on the numerous pesticide health issues of concern to OPP.

In fiscal year 1982 the 8 NPHAP projects are operating at a yearly level of approximately $2.2 million. It is expected that the program will operate at about the same level in fiscal year 83.

The program projected for fiscal year 1982 and fiscal year 1983 should provide adequate capability to serve the major pesticide use areas, consistent with the objectives of the program.

PESTICIDES - EXTRAMURAL FUNDING

Question: In Registration, Special Registration and Tolerances, all the extramural funds have been zeroed out. How will the reviews connected with registration and any other need tests be accomplished with just funds for salaries and none for extramural?

Answer: Extramural funding under Standards Setting and Rebuttable Presumption Against Registration provides support by discipline, e.g., toxicology and residue chemistry. Historically, the other categories of work mentioned in the question have been performed almost exclusively in-house. However, the Agency's contracts, cooperative agreements, interagency agreements, etc., do occasionally provide efficient means for supporting work in the registration-type decision units. As a result, consideration will be given to explicitly identifying extramural resources with the registration decision units in the FY 84 budget submission.

PESTICIDES - CONTRACTOR DATA COLLECTION

Question: In Standard Setting and Rebuttable Presumption Against Registration (RPAR), salaries and expenses were again traded off for increased extramural funds. Will reliance on contractors for data collection allow the data to be more easily questioned and, therefore, reduce EPA's effectiveness? Why reduce staff only to increase contracts?

Answer: The 10% cut in salaries and expenses for Registration Standards reflects the reduction of 8.6 work years from fiscal year 1982 to fiscal year 1983 due to efficiencies and other process changes such as the shift from world-wide to

subject-specific literature searches, simplified formats, and increased use of reviews performed by outside sources. The less than 10% increase in Registration Standards extramural funds will allow for some increased support by contractors in obtaining data base information. There is a net dollar savings of $151,100 with no loss in quality of scientific review since final review will be done by the Agency. In the RPAR unit, the salaries and expenses reduction of about 10% reflects the decreased need of 12.2 work years due to increased reliance on voluntary negotiations and agreements with registrants and avoidance, where possible, of the costly RPAR process. The less than five percent increase in extramural funds for RPAR is to provide more data on regulatory options.

These resource changes are small and are not expected to have any effect upon the credibility of the data upon which the Agency bases its decisions.

SUBCOMMITTEE RECESS

Senator GARN. The subcommittee will stand in recess until April 27 at 10 a.m., when we will receive testimony from the National Science Foundation.

[Whereupon, at 1:30 p.m. Tuesday, April 20, the subcommittee was recessed to reconvene at 10 a.m. Tuesday, April 27.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

	Page
Adams, Gen. A. J	13
Prepared statement	14
Badger, Col. Frederick	13
Bannai, Paul T	229
Prepared statement	235
Bennett, Kathleen	609
Bragg, Jefferey S	355
Brinkerhoff, John R	355
Brodsky, Arnold	501
Colgate, Stephen R	355
Cook, Catherine	61
Cook, Clyde C	229
Costanzo, Raymond J	27
Crampton, Lewis	609
Custis, Dr. Donald L	229
Prepared statement	233
D'Amato, Hon. Alfonse M., U.S. Senator from New York, questions submitted by	183, 860
Delaney, Thomas J	559
Early, William B., Jr	1
Eidsness, Eric	609
Eschwege, Henry	571
Prepared statement	573
Garn, Hon. Jake, U.S. Senator from Utah, questions submitted by	7, 21, 34, 51, 101, 200, 223, 268, 376, 510, 552, 565, 582, 687
Girard, Charles M	355
Giuffrida, Louis O	355
Opening statement	356
Gleason, Col. Joseph E	27
Biographical sketch	29
Prepared statement	28
Gorsuch, Anne M	609
Letters from	625, 629
Prepared statement	611
Gusman, Sam	587
Prepared statement	593
Hagel, Charles T	229
Harper, Kirke	61
Hatfield, Hon. Mark O., U.S. Senator from Oregon, questions submitted by	805
Hernandez, John	609
Hill, A. Alan	559
Prepared statement	559
Hill, Michael F	187
Biographical sketch	191
Prepared statement	189
Hirschhorn, Joel	587
Prepared statement	588

	Page
Hoffman, Conrad R	229
Horton, John P	609
Huddleston, Hon. Walter D., U.S. Senator from Kentucky, questions submitted by	9, 36, 58, 333, 475, 535, 862
Hughes, Carl, M.D	229
Hunt, John	571
Keyworth, George A., II	541
Kieves, Lawrence	213
Biographical sketch	217
Prepared statement	214
Kinghorn, C. Morgan	609
Knauer, Virginia H	39
Prepared statement	40
Lavelle, Rita M	609
Leahy, Hon. Patrick J., U.S. Senator from Vermont, questions submitted by	495, 887
Report of	639
Linder, Robert D	541
Marvin, Frank R	39
McFadden, Charles V	187, 213
Biographical sketch	193
Moran, Col. Clayton L	13
Murphy, John P	229
Nasif, Teresa N	1
Prepared statement	2
Nimmo, Robert P	229
Prepared statement	231
Nord, Nancy	559
Peixotto, Maj. David	27
Perry, Robert	609
Peterson, David F	1
Peterson, Kent A	187
Biographical sketch	193
Pettis, Raymond J	27
Pewitt, N. Douglas	541
Pittle, R. David, Ph. D	61
Article by	89
Letter from	86
Proxmire, Hon. William, U.S. Senator from Wisconsin, questions submitted by	330, 882
Rafuse, Robert W., Jr	187, 213
Biographical sketch	192
Rezendes, Victor	571
Riordan, Courtney	609
Ryan, Col. William E	13
Scully, John P	39
Sloan, Edith Barksdale	61
Smith, Julius L	27
Snow, Gordon	559
Starbuck, Dorothy L	229
Prepared statement	237
Statler, Stuart M	61
Letter from	79
Steeves, Robert F	39
Steorts, Nancy Harvey	61
Letter from	71
Prepared statement	62
Sullivan, William F	229
Thomas, Lee M	355
Thompson, B. J	355
Tinsworth, Rick	61
Todhunter, John A	609
Towell, Paul	27

	Page
Turnage, Thomas K	501
Villella, Fred J	355
Weicker, Hon. Lowell P., Jr., U.S. Senator from Connecticut, questions submitted by	821
Zagoria, Sam	61
Prepared statement	71

SUBJECT INDEX

AMERICAN BATTLE MONUMENTS COMMISSION

Budget: Page
- Initial ... 16
- Request ... 13

Cemetery, Corozal American ... 19
Commemorative projects, current ... 16
Equipment replacement ... 18
Honolulu memorial ... 17
Paris office ... 17
Travel of field personnel, operational ... 20

CONSUMER PRODUCT SAFETY COMMISSION

Budget:
- Fiscal year 1983 ... 92
- Items lost with reduced ... 74
- OMB reductions ... 70
- Request ... 61, 70

Consumer information and cooperation, improved ... 69
Cost-benefit analysis ... 93
Course for the eighties ... 67
Form over substance, matter of ... 84
FTC, merits of consolidation with ... 77
Industry cooperation ... 97
Information and education ... 98
Jurisdiction ... 76
Paperwork reduction ... 99
Priorities ... 78
- Setting ... 83

Recall difficulties ... 75
Recalls, issue of fault in ... 77
Section 15 ... 74
- Recalls ... 68

Standards, voluntary versus mandatory ... 98
Urea-formaldehyde foam insulation ... 68
Voluntary standards ... 68

COUNCIL ON ENVIRONMENTAL QUALITY

Acid rain ... 564
Budget request ... 559
Environmental disputes, referrals to CEQ ... 563
Federal forecasting data, upgrading ... 563
National Environmental Policy Act ... 562
Staff reductions ... 561
Statement, discussion of ... 560

DEPARTMENT OF DEFENSE—CIVIL

Department of the Army

Army Cemeterial Expenses

Arlington House ... 33
Budget reductions, fiscal year 1982 ... 30

	Page
Operation and maintenance	32
Contractual services	33
Other services	31
Passenger vehicles	31
Personnel	30
Tomb of the Unknown	30
Warehouse	30

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Consumer Affairs

Budget revision, effect of September 1982	47
Consumer action panels	45
Personnel classification standard	49
Positions	49
Project Partnership	46
Supplemental, pay raise	48
Staff, furlough of	48
World's Fair, 1982	47

DEPARTMENT OF THE TREASURY

Office of Revenue Sharing

Administrative problems, State share	196
Audit reports, quality of	196
Categorical versus GRS tradeoff	196
Civil rights case backlog	199
Construction program, New York City's	220
Government losses, local	197
Grant funding, categorical	194
Grant-trading administrative burdens	197
Increased State taxes, nationwide trend	195
New York City loan guarantee program	213
Cost	221
Expenditure reduction program	219
Revenue sharing renewal proposals	198
States' fiscal condition	194

ENVIRONMENTAL PROTECTION AGENCY

Budget request	609, 618, 671
1983 versus 1982	634
Budget submission to OMB versus submission to Congress	637
Construction grant:	
Allowance auditing	672, 678, 680
Regulations	671
Cost reductions	630
DOE/DOD ocean disposal permit requests	666
Ocean dumping resources	667
Employment mix	627
EPA programs, reductions versus efficiency in	679
GAO and OTA presentations	623
Great Lakes:	
Research	661, 662
Canadian support	663
Water quality agreement, Canadian reaction to	663
Love Canal	685
Ocean disposal:	
Criteria development	666
Level of activity	668

Page

Ocean disposal—Continued
- Types of requests ... 667

Nevada test site, off-site monitoring at the ... 686
Office of Congressional Liaison reprograming ... 629
Overtime, GAO report on ... 628
Pesticides regulations standards ... 683
Personnel reductions ... 617, 618
Regulatory programs ... 675
Research:
- Program reductions ... 635
- Reductions versus efficiency in programs ... 668

Staffing levels ... 624
State delegation ... 677
State funding versus Federal funding ... 678
State grant program award levels ... 676
Tracking system, permit ... 670
Training and technical assistance to States ... 678
Zero-base budgeting ... 670

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE TECHNOLOGY POLICY

Antarctic policy, U.S ... 548
Budget request ... 542
Centralized research information system ... 549
Communication with the committee ... 550
Federal reports, administrative burdens caused by ... 544
- OMB Circular A-21 ... 545

HUD Appropriation Act, section 414 of 1981 ... 542
NASA planetary missions ... 545
Science faculties ... 543
Space policy review ... 547
Space Shuttle upper stages ... 546

FEDERAL EMERGENCY MANAGEMENT AGENCY

Accidental war ... 366
Address cards, change of ... 370
Civil defense ... 357
- And nuclear war ... 362

Crisis evacuation ... 367
Disarmament, U.S ... 372
Disaster relief ... 359
Educational materials ... 370
Evacuation, east coast ... 364
Hazard mitigation ... 358
Insurance, Federal ... 360
Nuclear:
- Armaments, reducing ... 373
- Threat, reducing ... 371

Planning:
- Alternatives to ... 371
- Need for ... 369

Population protection ... 362
Preparedness, Federal ... 358
Questions, submitted ... 375
Salaries and expenses ... 361
Shelter areas ... 368
Stockpile, strategic ... 370
Supplemental requests ... 360

Page

Surprise attack 365
Warning, strategic 363

GENERAL ACCOUNTING OFFICE

Superfund:
- Appropriations for 580
- GAO study of 572
- Inspector General's review of 580
- Program delays 578
- Site inventory 578
- Staffing 580

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

Blind, information for the 3
Budget cuts, fiscal year 1982 4
Pay supplemental 5
Public service campaign 5
Surveys 4
User fee study 3

OFFICE OF TECHNOLOGY ASSESSMENT

Program implementation 605
Site data 605
Superfund workshop:
- Consensus of participants 605
- Site selection 604
- Success and need for others 606
- Summary of 603

SELECTIVE SERVICE SYSTEM

Appropriations, fiscal year 1983 503
Budget request 501
Classification information booklet 507
Draft registration background 501
Enforcement, cost of 506
Noncompliance 502
Public information:
- Campaign 505
- Costs, fiscal year 1981 and 1982 504

Registrant information management system 508
Registration 501
- Compliance with the requirement 506

Restricted language, request for change in 508
Revitalization 503
Supplemental appropriation, fiscal year 1982 502

VETERANS ADMINISTRATION

Administrative Division productivity 261
Budget request 229
Cardiac catherization:
- Sharing, Dayton, Ohio 258
- Standards 255

Cardiac surgery programs 254
Construction plan, 5-year 247
Construction, reexamination of VA 248
Dental clinic productivity 266
- Action taken to implement NAS and GAO recommendations 266

	Page
Equipment procurement, clearance of	259
Facilities, activation of	264
Intensive care unit overutilization	263
Medical staff productivity increases	265
Nurse scholarship program	244
Open heart surgery standards	254
Operating expenses, general	243
Paperwork budget and reduction, fiscal year 1982	246
Productivity:	
Actions, savings through	262
And claims processing	263
Levels	262
Of regional offices	260
Programs, closure of	255
Quality control supply inspections	246
Questions submitted for the record	266
Reexamination effort, support for	251
Renal transplant standards	260
Requirement to operate less than 90,000 beds	264
Small business loan program	244
Specialized medical services:	
Criteria for closing	252
Underutilized	251
Staffing ratios—VA hospitals	245
Standard deviations	253
VA medical center, Mountain Home	249

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